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Florida Housing
Finance Corporation

Date: July 21, 2023
Location: Hyatt Regency Orlando International Airport
Commencement Time: 9:00am

Call in Number: 1-888-585-9008
Conference Room: 369-746-945

BOARD MEETING AGENDA

Call to Order, Declaration of Quorum	*Board Liaison*
Public Comment	*Chair*
Minutes Approval of Minutes of the June 9, 2023 Board Meeting	*Chair*
Approval of Items on Consent Agenda Table of Contents I. Community Development Block Grant- Disaster Recovery II. Elderly Housing Community Loans III. Legal IV. Multifamily Bonds V. Multifamily Programs VI. Predevelopment Loan Program (PLP) VII. Special Assets VIII. State Apartment Incentive Loan Program (SAIL)	*Chair*
Action Items Table of Contents **Fiscal** I. Approve the issuance of the proposed 2023-2024 Phase One Homeowner Mortgage Revenue Bonds. **HOME Rental** II. RFA Request Approval of Workout Plan for Willie Downs Villas **Legal** III. MJHS South Parcel, LTD. vs. Florida Housing Finance Corporation, Pinnacle 441 Phase 2, LLC, LDG Multifamily, LLC, and Kissimmee Leased Housing Associates II, LLLP. FHFC Case No. 2023-007BP; DOAH Case No. 23-0903BID;	 *Angie Sellers* *David Westcott* *Betty Zachem*

DM Redevelopment, LTD. vs. Florida Housing Finance Corporation, Bayside Breeze Redevelopment, LLLP, SP Field LLC, and Kissimmee Leased Housing Associates II, LLLP. FHFC Case No. 2023-009BP; DOAH Case No. 23-0904BID; Heritage Village South, LTD. vs. Florida Housing Finance Corporation and MHP FL IX LLLP. FHFC Case No. 2023-010BP; DOAH Case No. 23-0905BID; SP Field, LLC vs. Florida Housing Finance Corporation. FHFC Case No. 2023-017BP; DOAH Case No. 23-0906BID; and Autumn Palms NFTM, LLC vs. Florida Housing Finance Corporation and Bayside Breeze Redevelopment, LLLP. FHFC Case No. 2023-018BP; DOAH Case No. 23-0907BID;	
Public Comment	
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July 21, 2023

Consent Items

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COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

Consent

I. Request Approval of Loan Closing Deadline Extension and RFA Waiver of Extension Fee for Northside Transit Village III (RFA 2019-102 / 2020-024BD)

Development Name: Northside Transit Village III	**Location: Miami-Dade County**
Applicant/Borrower: Northside Property III, Ltd.	**Set Asides: MMRB: 40% @ 60% AMI CDBG-DR & 4%HC: 16% @ 30% AMI 36% @ 60% AMI 48% @ 70% AMI**
Developer/Principal: Northside Property III Development, LLC/Howard Cohen	**Demographic/Number of Units: Workforce/200 units**
Requested Amounts: Multifamily Mortgage Revenue Bond (MMRB): $30,800,000 CDBG-DR $9,550,000 4% Annual Housing Credits (HC): $2,943,047	**Development Category/Type: New Construction/High-Rise**

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

a) On July 30, 2019, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2019-102 for Community Development Block Grant – Disaster Recovery to be used in conjunction with Tax-Exempt MMRB and Non-Competitive Housing Credits in Counties Deemed Hurricane Recovery Priorities.

b) On December 13, 2019, 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 12, 2021, the Board approved the request to extend the firm loan commitment issuance deadline from May 4, 2021 to November 4, 2021.

d) On September 10, 2021, the Board approved the RFA Waiver to grant a second request to extend the firm loan commitment issuance deadline from November 4, 2021 to May 4, 2022.

e) On January 21, 2022, the Board approved the final credit underwriting report and authorizing resolutions and directed staff to proceed with loan closing activities.

f) On June 17, 2022, the Board approved the Applicant's requested first loan closing extension from July 25, 2022 to November 1, 2022 and waiver of the extension fee.

g) On August 5, 2022, the Board approved the Borrower's request to increase the MMRB amount from $16,510,000 to $17,370,000, a CDBG-DR Viability Loan in the amount of $2,250,000, and the execution of the amended authorizing resolutions.

h) On October 28, 2022, the Board approved an RFA Waiver for a second loan closing extension from November 2, 2022 through February 2, 2023 and to waive the CDBG-DR extension fee. The request was submitted due to 'HUD's underwriting timeline for a firm commitment of the FHA 221(d)(4) loan continues to delay the projected closing date of mid-November 2022.'

i) On January 27, 2023, the Board approved an RFA Waiver for a third loan closing extension from February 2, 2023 through April 3, 2023 and to waive the CDBG-DR extension fee. The request was submitted due to HUD's requirement of a direct land lease with Miami-Dade Department of Transportation and Public Works which requires approval. The loan closing extension request will provide some time to obtain the approval for the HUD requirement.

j) On March 10, 2023, the Board approved an RFA Waiver for a fourth loan closing extension from April 3, 2023 through July 3, 2023, as well as waived the CDBG-DR extension fee. The request was submitted due to 1) not having yet received HUD's approval of a direct land lease with the Miami-Dade Department of Transportation and Public Works and 2) HUD's review of the primary lender's amendment submission with no loan closing date scheduled yet. The loan closing extension request provided some time to obtain the approval of the HUD requirements and schedule a closing date.

2. **Present Situation:**

a) On June 13, 2023, Borrower requested an RFA Waiver for a fifth loan closing extension from July 3, 2023 through September 3, 2023, as well as to waive the CDBG-DR extension fee (**Exhibit A**). Per the request submitted and to close on all funding sources, HUD requires 1) the termination of the current existing sublease, 2) bifurcation of the current ground lease, and 3) enter into a direct lease with the Miami-Dade Department of Transportation and Public Works (DTPW). There is current and on-going communication with DTPW to assure final approval before June ends. The loan closing extension request will provide time to obtain the DTPW approval, close on all funding sources, and commence construction.

3. **Recommendation:**

a) Approve the RFA Waiver request to grant a fifth loan closing extension from July 3, 2023 through September 3, 2023, and continue with loan closing activities, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and appropriate Florida Housing Staff. Additionally, due to the funding source and nature of the CDBG-DR funds, waive the extension fee.

II. ELDERLY HOUSING COMMUNITY LOAN (EHCL)

A. Request Approval of Loan Closing Deadline Extension for Silver Lakes Village Apartments (RFA 2020-101 / 2021-189E)

Development Name: Silver Lakes Village Apartments	Location: Orange County
Applicant/Borrower: Silver Lakes Village VOA Affordable Housing, LP	Set-Asides: 20% @ 50% AMI (EHCL) 80% @ 60% AMI (EHCL)
Developer/Principal: Orlando Volunteers of America Elderly Housing, Inc./Kimberly Black King	Demographic/Number of Units: Elderly/104 units
Requested Amounts: $750,000 Elderly Housing Community Loan (EHCL)	Development Category/Type: Rehabilitation/Garden Apartments

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

a) On October 22, 2020, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2020-101 for Elderly Housing Community Loan.

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 January 26, 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 February 2, 2021, giving them a firm loan commitment issuance deadline of February 2, 2022. Applicants may request one (1) extension of up to 6 months to secure a firm loan commitment.

c) On September 10, 2021, the Board approved a request to change the Applicant Name and a RFA Waiver to change the Applicant Entity Structure. On January 21, 2022, the Board approved extending the firm loan issuance commitment deadline from February 2, 2022 to August 2, 2022. On June 17, 2022, the Board approved Rule waiver extending the firm loan issuance deadline from August 2, 2022 to February 2, 2023. On January 27, 2023, the Board approved the final credit underwriting report with a positive recommendation for funding and directed staff to proceed with the closing activities.

d) On February 3, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of August 2, 2023. A request for an extension of the loan closing deadline may be considered by the Board for an extension term of up to 90 Calendar Days.

e) On June 22, 2023, staff received a request from the Borrower for a loan closing deadline extension from August 2, 2023, to October 31, 2023 (<u>Exhibit A</u>). The extension is needed due to delays from construction cost increases in part due to water infiltration from Hurricane Ian. Subsequent to Hurricane Ian, the development team engaged a contractor, architect and structural engineer to address the water infiltration issues. In addition, the development is going through the RAD Section 202 PRAC conversion process with HUD. Additional rental operating subsidy from HUD is necessary to help finance the increased costs and financing is due to be in place by August 2023 outlining a December 2023 closing. Staff has reviewed this request and finds that it meets all requirements of the RFA.

2. **Recommendation:**

a) Approve the request for a loan closing deadline extension from August 2, 2023, to October 31, 2023, subject to payment of the required non-refundable extension fee of one half of one percent of the loan amount, pursuant to the requirements of the RFA.

III. LEGAL

A. In Re: Harper's Pointe, L.P.

FHFC Case No. 2023-033VW

Development Name: ("Development"):	**Harper's Pointe**
Developer/Principal: ("Developer"):	**JES Dev Co, Inc. / Jeffrey Smith**
Number of Units: 66 units	**Location: Alachua County**
Type: New Construction; Garden	**Set-Asides: 90% @ 60% AMI 10% @ 33% AMI**
Demographics: Elderly, Non-ALF	**Funding: 9% HC: $1,015,000**

1. **Background:**

a) Petitioner successfully applied for funding to assist in the construction of Harper's Pointe, a 66-unit development located in Alachua County, Florida (the "Development"). On May 3, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(17)(f)2 to Allow Minor Exceedance of General Contractor Self-Performance of Work (the "Petition") to allow the development's general contractor to self-perform work over the de minimis amount allowed by rule. A copy of the Petition is attached as Exhibit A.

2. **Present Situation:**

a) Rule 67-48.0072(f), Fla. Admin. Code (2017), applies; however, on April 29, 2022, the Board approved an amendment to Rule 67-48.0072(17)(f), Fla. Admin. Code, effective retroactively to developments that had previously submitted applications under prior rule versions. Rule 67-48.0072(f), Fla. Admin. Code, as amended, states, in relevant part:

(1) (17) The General Contractor must meet the following conditions:

(2) (f) Ensure that no construction or inspection work is performed by the General Contractor, with the following exceptions:

(3) 1. The General Contractor may perform its duties to manage and control the construction of the Development; and

(4) 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 referenced rule to allow Petitioner's General Contractor ("GC") to self-perform work over the de minimis amount. Petitioner states that its GC self-performed work in the amount of $359,410, $9,410 over the $350,000 allowed by the Rule. The $359,410 in self-performed work did not include any profit or overhead for the General Contractor. Further, the total General Contractor Fee was less than 5.8% of the total construction cost (14% is allowed).

c) As justification for its request, Petitioner states that the subcontractor retained for framing and exterior siding installation had difficulty passing city inspections. Petitioner's GC was forced to self-perform portions of the subcontractor's work to maintain the project schedule. Petitioner states that the situation was further complicated by the ongoing COVID epidemic.

d) Staff requested AmeriNat®, the underwriter on this transaction, provide Florida Housing with a recommendation on the cost incurred by the GC. Staff received a recommendation on June 16, 2023. AmeriNat®, in conjunction with GLE Associates, inc., the construction consultant, made a positive recommendation to approve the self-performed work.

e) On May 5, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 88. To date, Florida Housing has received no comments concerning the Petition.

f) 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.

g) 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. <u>Recommendation:</u>

a) Staff recommends the Board GRANT Petitioner a Waiver of Florida Administrative Code Rule 67-48.0072(17)(f) to allow the Development's general contractor to self-perform work exceeding the de minimus amount. No further workout is being proposed with this recommendation because the general contractor's fee is already below the maximum allowed amount.

B. In Re: WRDG T3B, LP

FHFC Case No. 2023-053VW

Development Name ("Development"):	**Boulevard Tower 3**	
Developer/Principal ("Developer"):	**WRDG T3B Developer, LLC/Jerome Ryans**	
Number of Units: 133 units	**Location:**	**Hillsborough County**
Type: New Construction/ High-Rise	**Set-Asides:**	**15% @ 30% AMI** **42% @ 60% AMI** **22% @ 80% AMI**
Demographics: Family	**Funding:**	**9% HC: $2,375,000**

1. <u>Background:</u>

a) WRDG T3B, LP (Petitioner) successfully applied for funding to assist in the construction of Boulevard Tower 3, a 133-unit development located in Hillsborough County, Florida (the "Development"). On June 26, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(17)(h) (7/8/2018) (the "Petition") to allow Petitioner's General Contractor to subcontract with two affiliated subcontractors. A copy of the Petition is attached as Exhibit B.

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

a) Rule 67-48.0072(17)(h), Fla. Admin. Code (2018), states, in relevant part:

> The General Contractor must meet the following conditions: ... Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor.

b) Petitioner requests a waiver of the above rule to allow Petitioner's General Contractor to subcontract with affiliated subcontractors. After construction of the Development was completed, Petitioner discovered that its General Contractor had subcontracted with two subcontractors that have common principals with the General Contractor: FUSE Equipment, LLC and Fuse Builds, LLC (collectively the "Affiliated Subcontractors"). FUSE Equipment, LLC's subcontract totaled $42,436, and FUSE Builds, LLC's subcontract totaled $653,461. Together, the Affiliated Subcontractors performed rough carpentry work amounting to approximately 2.27% of the total construction costs.

c) As justification for the request, Petitioner states that the Tampa area's challenging labor market created staffing shortages at many local subcontracting firms. As a Davis-Bacon Act project, the Development was subject to additional federal labor requirements, and Petitioner avers the Affiliated Subcontractors had the credentials necessary to hire, document, and pay in accordance with the Davis-Bacon Act. Petitioner's general contractor is unaware of any unaffiliated subcontractor that could have provided the same services at a lower cost.

d) Staff requested Seltzer Management Group, Inc. ("Seltzer"), the underwriter on this transaction, to provide Florida Housing with a recommendation on the costs incurred by the affiliated subcontractors. Staff received a recommendation on June 26, 2023. Seltzer, in conjunction with Hillmann Consulting LLC, the construction consultant, made a positive recommendation to approve the work performed by the affiliated subcontractors.

e) On June 28, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 125. To date, Florida Housing has received no comments concerning the Petition.

f) 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.

g) 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. <u>Recommendation:</u>

a) Staff recommends the Board GRANT Petitioner's request for a waiver of Rule 67-48.0072(17)(h), Fla. Admin. Code (2018), allowing Petitioner's General Contractor to subcontract with the two affiliated subcontractors referenced herein under the following conditions:

(1) No General Contractor Fee will be taken on the costs subcontracted to the affiliated entities; and

(2) An independent Certified Public Accountant will confirm and/or audit all payments between the affiliated entities in addition to the eight (8) subcontractors representing 40% of the costs that are already required to be confirmed and/or verified per the GCCC Instructions.

C. In Re: Melissa Grove, Ltd.

FHFC Case No. 2023-049VW

Development Name ("Development"):	**Melissa Grove**
Developer/Principal ("Developer"):	**TVC Development, Inc./John D. Rood**
Number of Units: 90 units	**Location: Duval County**
Type: New Construction/ Garden	**Set-Asides: 10% @ 33% AMI 90% @ 60% AMI**
Demographics: Elderly, Non-ALF	**Funding: 9% HC: $1,868,000**

1. <u>Background:</u>

a) Melissa Grove, Ltd. ("Petitioner") successfully applied for funding to assist in the construction of Melissa Grove, a 90-unit development located in Duval County, Florida (the "Development"). On June 23, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.002(96), F.A.C. (5/18/21) and the 2021 QAP (the "Petition") to allow Petitioner to exchange its present allocation of housing credits for an allocation of 2023 housing credits. A copy of the Petition is attached as Exhibit C.

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

a) Rule 67-48.002(96), Fla. Admin. Code (2021), adopts and incorporates the 2021 Qualified Allocation Plan ("QAP"). Subsection II.J. of the 2021 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.

b) Petitioner successfully applied for an allocation of the 2022 housing credits through RFA 2022-301 Housing Credit Financing for Affordable Housing Developments Located In Duval County and was invited into credit underwriting on May 5, 2022. Florida Housing staff executed a 2022 Carryover Allocation Agreement ("CAA") on August 11, 2022, which required Petitioner to incur at least ten percent of the reasonably expected basis of the Development (the 10% Test) on or before February 28, 2023 (the "CAA Deadline"). Petitioner has been previously granted a CAA Deadline extension to August 11, 2023. Failure to comply with the CAA Deadline will cause the Housing Credits allocated within the CAA to be deemed returned to Florida Housing under Section 42(h)(3)(C), Internal Revenue Code.

c) Since being selected for funding and invited to credit underwriting, Petitioner states that it has been engaged in the pursuit of all necessary development approvals and permits from the necessary jurisdictional authorities, including the City of Jacksonville, the St. Johns River Water Management District ("SJRWMD") and the U.S. Army Corp of Engineers ("ACOE"). Overall, Petitioner has invested over $530,000 to move the Development forward; However, Petitioner cannot commence construction until the requested permits are issued. Petitioner is presently uncertain when it will obtain its building, SJRWMD, or ACOE permits. Petitioner respectfully requests this waiver because Petitioner believes that the permitting timeline may prevent it from satisfying the 10% Test by the CAA Deadline.

d) On June 27, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 124. 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 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 Petitioner's request for a waiver of 67-48.002(96), Fla. Admin. Code (2021) and Subsection II.J. of the 2021 QAP to allow Petitioner to exchange its present allocation of housing credits for an allocation of 2023 housing credits.

D. In Re: WRDG T3C, LP

FHFC Case No. 2023-052VW

Development Name ("Development"):	**Boulevard Tower 2**	
Developer/Principal ("Developer"):	**WRDG T3C Developer, LLC/Jerome Ryans**	
Number of Units: 119 units	**Location:**	**Hillsborough County**
Type: New Construction/ High-Rise	**Set-Asides:**	**37% @ 30% AMI** **9% @ 60% AMI** **54% @ 80% AMI**
Demographics: Family	**Funding:**	**4% HC: $1,506,362** **SAIL: $4,720,000** **MMRB: $25,500,000**

1. **Background:**

   a) WRDG T3C, LP ("Petitioner") successfully applied for funding to assist in the construction of Boulevard Tower 2, a 119-unit development located in Hillsborough County, Florida (the "Development"). On June 26, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(17)(h), 67-21.014(2)(r)(8), and 67-21.026(13)(g), F.A.C. (7/8/2018) (the "Petition") to allow Petitioner's General Contractor to subcontract with two affiliated subcontractors. A copy of the Petition is attached as Exhibit D.

2. **Present Situation:**

   a) Rule 67-48.0072(17)(h), Fla. Admin. Code (2018), states, in relevant part:

      > The General Contractor must meet the following conditions: ... Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor.

   b) Rule 67-21.014(2)(r)(8), Fla. Admin. Code (2018), states:

      > Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-21.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

   c) Rule 67-21.026(13)(g), Fla. Admin. Code (2018), states:

      > Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of with the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-21.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

   d) Petitioner requests a waiver of the above rules to allow Petitioner's General Contractor to subcontract with affiliated subcontractors. After construction of the

Development was completed, Petitioner discovered that its General Contractor had subcontracted with two subcontractors that have common principals with the General Contractor: FUSE Equipment, LLC and Fuse Builds, LLC (collectively the "Affiliated Subcontractors"). FUSE Equipment, LLC's subcontract totaled $41,375, and FUSE Builds, LLC's subcontract totaled $471,695. Together, the Affiliated Subcontractors performed rough carpentry work amounting to approximately 1.84% of the total construction costs.

e) As justification for the request, Petitioner states that the Tampa area's challenging labor market created staffing shortages at many local subcontracting firms. As a Davis-Bacon Act project, the Development was subject to additional federal labor requirements, and Petitioner avers the Affiliated Subcontractors had the credentials necessary to hire, document, and pay in accordance with the Davis-Bacon Act. Petitioner's general contractor is unaware of any unaffiliated subcontractor that could have provided the same services at a lower cost.

f) Staff requested Seltzer Management Group, Inc. ("Seltzer"), the underwriter on this transaction, to provide Florida Housing with a recommendation on the costs incurred by the affiliated subcontractors. Staff received a recommendation on June 26, 2023. Seltzer, in conjunction with Hillmann Consulting LLC, the construction consultant, made a positive recommendation to approve the work performed by the affiliated subcontractors.

g) On June 28, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 125. 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 the application of a rule would create a substantial hardship or would violate principles of fairness.

i) Granting the requested waiver does not impact 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 Petitioner's request for a waiver of Rules 67-48.0072(17)(h), Fla. Admin. Code (2018), 67-21.014(2)(r)(8), Fla. Admin. Code (2018), and 67-21.026(13)(g), Fla. Admin. Code (2018), allowing Petitioner's General Contractor to subcontract with the two affiliated subcontractors referenced herein under the following conditions:

(1) No General Contractor Fee will be taken on the costs subcontracted to the affiliated entities; and

(2) An independent Certified Public Accountant will confirm and/or audit all payments between the affiliated entities in addition to the eight (8) subcontractors representing 40% of the costs that are already required to be confirmed and/or verified per the GCCC Instructions.

LEGAL

Consent

E. **In Re: WRDG T3A, LP**

FHFC Case No. 2023-046VW

Development Name ("Development"):		**Boulevard Tower I**	
Developer/Principal ("Developer"):		**WRDG T3A Developer, LLC / Alberto Milo Jr.**	
Number of Units: 119 units		**Location:**	**Hillsborough County**
Type:	**New Construction/ High-Rise**	**Set-Asides:**	**10% @ 40% AMI** **70% @ 60% AMI** **20% @ Market**
Demographics:	**Family**	**Funding:**	**9% HC: $2,110,000**

1. **Background:**

a) WRDG T3A, LP ("Petitioner") successfully applied for funding to assist in the construction of Boulevard Tower I, a 119-unit development located in Hillsborough County, Florida (the "Development"). On June 21, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(17)(h) (5/24/2017) (the "Petition") to allow Petitioner's General Contractor to subcontract with two affiliated subcontractors. A copy of the Petition is attached as Exhibit E.

2. **Present Situation:**

a) Rule 67-48.0072(17)(h), Fla. Admin. Code (2017), states, in relevant part:

> The General Contractor must meet the following conditions: ... Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor.

b) Petitioner requests a waiver of the above rule to allow Petitioner's General Contractor to subcontract with an affiliated subcontractor. After construction of the Development was completed, Petitioner discovered that its General Contractor had subcontracted with two subcontractors that have common principals with the General Contractor: FUSE Equipment, LLC and Fuse Builds, LLC (collectively the "Affiliated Subcontractors"). FUSE Equipment, LLC's subcontract totaled $61,544, and FUSE Builds, LLC's subcontract totaled $545,685. Together, the Affiliated Subcontractors performed rough carpentry work amounting to approximately 2.41% of the total construction costs.

c) As justification for the request, Petitioner states that the Tampa area's challenging labor market created staffing shortages at many local subcontracting firms. As a Davis-Bacon Act project, the Development was subject to additional federal labor requirements, and Petitioner avers the Affiliated Subcontractors had the credentials necessary to hire, document, and pay in accordance with the Davis-Bacon Act. Petitioner's general contractor is unaware of any unaffiliated subcontractor that could have provided the same services at a lower cost.

d) Staff requested Seltzer Management Group, Inc. ("Seltzer"), the underwriter on this transaction, to provide Florida Housing with a recommendation on the costs incurred by the affiliated subcontractors. Staff received a recommendation on June 2, 2023. Seltzer, in conjunction with Hillmann Consulting LLC, the construction consultant, made a positive recommendation to approve the work performed by the affiliated subcontractors.

e) On June 23, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 122. To date, Florida Housing has received no comments concerning the Petition.

f) 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.

g) Granting the requested waiver does not impact 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 Petitioner's request for a waiver of Rule 67-48.0072(17)(h), Fla. Admin. Code (2017), allowing Petitioner's General Contractor to subcontract with the two affiliated subcontractors referenced herein under the following conditions:

(1) No General Contractor Fee will be taken on the costs subcontracted to the affiliated entities; and

(2) An independent Certified Public Accountant will confirm and/or audit all payments between the affiliated entities in addition to the eight (8) subcontractors representing 40% of the costs that are already required to be confirmed and/or verified per the GCCC Instructions.

LEGAL

Consent

F. In Re: Liberty Square Phase Four, LLC

FHFC Case No. 2023-057VW (RFA 2020-208 / App. No. 2020-468BS / 2019-573C)

Development Name ("Development"):	**Liberty Square Phase Four**
Developer/Principal ("Developer"):	**Liberty Square Phase Four Developer, LLC/ Alberto Milo, Jr.**
Number of Units: 193 units	**Location: Miami-Dade County**
Type: Mid-Rise/New Construction	**Set-Asides: 27% @ 30% AMI 13% @ 40% AMI 5% @ 60% AMI 54% @ 80% AMI 40% @ 60% AMI (MMRB)**
Demographics: Workforce	**Funding: SAIL: \$3,250,000 MMRB: \$42,500,000 4% HC: \$3,135,015**

1. **Background:**

a) Liberty Square Phase Four, LLC ("Petitioner") successfully applied for funding to assist in the construction of Liberty Square Phase Four, a 193-unit development located in Miami-Dade County, Florida (the "Development"). On June 28, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(26) F.A.C. (7/11/19) (the "Petition") to extend Petitioner's SAIL closing deadline. A copy of the Petition is attached as Exhibit F.

2. **Present Situation:**

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

> (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 within 120 Calendar Days of the date of the firm loan commitment(s), unless the Development is a Tax-Exempt Bond-Financed Development which then the closing must occur within 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 (l) percent of each Corporation loan amount if the Board approves the request to extend the loan closing deadline beyond the applicable 120 Calendar Day or 180 Calendar Day period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after 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 October 26, 2020, with an initial firm loan commitment issuance deadline of October 26, 2021. On October 22, 2021, the Board granted Petitioner a six-month extension of the firm loan commitment issuance deadline from October 26, 2021 to April 26, 2022. On March 4, 2022, the Board granted Petitioner's Rule waiver request for a second six-month extension of the firm loan commitment issuance deadline from April 26, 2022 to October 26, 2022. On September 22, 2022, Florida Housing issued a firm loan commitment for Petitioner's SAIL loan that was required to close by March 21, 2023. On April 28, 2023, the Board granted Petitioner an extension of the closing deadline from March 21, 2023 to June 19, 2023. Petitioner now requests an additional 90-day extension.

c) As the basis for its request, Petitioner states that it cannot close the loan without an approval letter from the US Department of Housing and Urban Development ("HUD"). Because the Development involves public housing redevelopment, HUD required a lengthy reconciliation process to confirm the number of affordable housing units being replaced. Petitioner submitted the required documents to HUD in May 2023 and, while HUD has already provided its first round of comments, final HUD approval likely cannot be obtained until mid-July. Additionally, Petitioner states that credit underwriting could not be finalized until the updated HUD rents were published. Consequently, the Board did not approve Petitioner's final credit underwriting report update letter until June 9, 2023.

d) Petitioner states that it has been working diligently to obtain building permits for all three buildings within the Development. Initially, Petitioner intended to construct only two buildings in the first phase, with a third to be completed at a later date. However, the City required Petitioner to submit permit drawings for all three buildings during the site plan approval process, prompting Petitioner to accelerate its schedule for the third building to construct all three buildings at once. The changes to the plans and Development schedule slowed Petitioner's progress and substantially increased related costs.

e) On June 29, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 126. To date, Florida Housing has received no comments concerning the Petition.

f) 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.

g) Granting the requested waiver does not impact 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. **Recommendation:**

a) Staff recommends the Board GRANT Petitioner’s request for a waiver of Rule 67-48.0072(26), Fla. Admin. Code (2019), allowing Petitioner to extend its loan closing deadline 90 days to September 18, 2023.

G. In Re: Southwick Commons, Ltd.

FHFC Case No. 2023-054VW

Development Name ("Development"):	**Southwick Commons**
Developer/Principal ("Developer"):	**Southwick Commons Property Developer, LLC/Jonathan L. Wolf**
Number of Units: 192 units	**Location: Orange County**
Type: Garden/New Construction	**Set-Asides: 2.60% @ 22 AMI (NHTF) 15.10% @ 30% AMI 62.50% @ 60% AMI 22.40% @ 80% AMI**
Demographics: Family	**Funding: SAIL: $7,000,000 Viability: $6,310,452 NHTF: $1,089,548 ELI: $600,000 4%HC: $2,131,814**

1. <u>Background:</u>

a) Petitioner successfully applied for funding to assist in the construction of Southwick Commons, a 192-unit development located in Orange County, Florida (the "Development"). On June 26, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(21)(b) (the "Petition") to extend the Firm Loan Commitment deadline from June 29, 2023 to December 29, 2023. A copy of the Petition is attached as Exhibit G.

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

a) Rule 67-48.0072(21)(b), Fla. Admin. Code (2020), states, in relevant part:

> (b) For SAIL, EHCL, and HOME, unless stated otherwise in a competitive solicitation, the firm loan commitment must be issued within twelve (12) months of the Applicant's acceptance to enter credit underwriting. Unless an extension is approved by the Corporation in writing, failure to achieve credit underwriting report approval and issuance of a firm loan commitment by the specified deadline shall result in withdrawal of the preliminary commitment. Applicants may request one (1) extension of up to six (6) months to secure a firm loan commitment. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting the extension and shall detail the time frame to achieve a firm loan commitment. In determining whether to grant an extension, the Corporation shall consider the facts and circumstances of the Applicant's request, inclusive of the responsiveness of the Development team and its ability to deliver the Development timely. The Corporation shall charge non-refundable extension fee of one (1) percent of each loan amount if the request to extend the credit underwriting and firm loan commitment process beyond the initial twelve (12) month deadline is approved. If, by the end of the extension period, the Applicant has not received a firm loan commitment, then the preliminary commitment shall be withdrawn.

b) Petitioner's initial firm loan commitment issuance deadline for Petitioner's SAIL, ELI, and NHTF Award was June 29, 2022. On June 17, 2022, the Board granted Petitioner's request for a 6-month extension of the firm loan commitment issuance deadline to December 29, 2022. On December 9, 2022, the Board granted Petitioner's Rule waiver request for an additional 6-month extension of the firm loan commitment issuance deadline from December 29, 2022, to June 29, 2023.

c) Petitioner now requests an additional extension of the firm loan commitment issuance deadline from June 29, 2023 to December 29, 2023. As justification for its request, Petitioner states that, after Petitioner was awarded funding, the City of Apopka ("City") refused to provide the necessary approvals and permits for Petitioner to proceed with the Development. Litigation ensued over the issue and concluded on November 28, 2022 with a Final Judgment in Petitioner's favor. After the conclusion litigation, the City reduced the number of allowable units that could be built on the property from 195 to 192. On April 28, 2023, this Board entered an Order allowing the Petitioner to reduce the total number of units in the Development to 192, as required by the City. Petitioner states that the Development's construction plan approval was further delayed due to a disagreement with the City regarding the balcony size required by City regulations. However, on June 21, 2023, the City approved the balconies as designed. Petitioner states that construction permits are the only remaining condition to the issuance of the firm loan commitment, that all known obstacles to construction permit issuance have been resolved, and that construction permits are expected to be issued shortly.

d) On June 28, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 125. On July 10, 2023, Florida Housing received written comment concerning the Petition. A copy of the written comment is attached as Exhibit P.

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 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. <u>Recommendation:</u>

a) Staff recommends the Board GRANT Petitioner's request for a waiver of Rule 67-48.0072(21)(b), Fla. Admin. Code (2020), allowing Petitioner to extend its firm loan commitment issuance deadline from June 29, 2023 to December 29, 2023.

LEGAL

Consent

H. In Re: Fairfield Running Brook II LP

FHFC Case No. 2023-044VW

Development Name: ("Development"):	**Running Brook Apartments**
Developer/Principal: ("Developer"):	**Fairfield Affordable Housing Fund Tranche XI LLC/Richard Boynton**
Number of Units: 186 units	**Location: Miami-Dade County**
Type: Acquisition and Rehabilitation; Garden	**Set-Asides: 100%@ 60% AMI**
Demographics: Family	**Funding: 4% HC: $3,794,745**

1. **Background:**

a) Fairfield Running Brook II LP ("Petitioner") successfully applied for funding to assist in the acquisition and rehabilitation of the Running Brook Apartments, a 186-unit development located in Miami-Dade County, Florida (the "Development"). On May 22, 2023, Florida Housing received a Petition for Waiver of Rule 67-21.0025(7)(c) and 67-21.003(1)(b) (the "Petition") to (i) relieve Petitioner of the principal disclosure requirement to disclose all employee-owners of the referenced Profit-Sharing Entities; (ii) relieve Petitioner of the principal disclosure requirement to disclose all natural person Principal participants; (iii) relieve Petitioner of the principal disclosure requirement to allow natural person Principals to be disclosed beyond the third level; (iv) allow the Petitioner to include a pension fund as a Principal on the Principal Disclosure form; and (v) allow the Petitioner to submit its Non-Competitive Application before receiving its Final Bond Transaction Credit Underwriting Report. A copy of the Petition is attached as Exhibit H.

2. **Present Situation**

a) Rule 67-21.0025(7), Fla. Admin. Code (2022), provides, in relevant part:

(1) (a) The Applicant must disclose all of the Principals of the Applicant (first principal disclosure level). For Applicants seeking Housing Credits, the Housing Credit Syndicator/Housing Credit investor need only be disclosed at the first principal disclosure level and no other disclosure is required;

(2) (b) The Applicant must disclose all of the Principals of all the entities identified in paragraph (a) above (second principal disclosure level);

(3) (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons….

(4) (d) If any of the entities identified in paragraph (c) above are a trust, the Applicant must disclose all of the Principals of the trust (fourth principal disclosure level), all of whom must be natural persons.

b) Rule 67-21.003(1)(b), Fla. Admin. Code (2022), incorporates the Non-Competitive Application Package (Rev. 04-2022) ("NCA") by reference. Section A.6.a of the NCA (emphasis added) provides in relevant part:

(1) 6. Principals Disclosure for the Applicant and for each Developer:

(2) a. The Principals of the Applicant and Developer(s) Disclosure Form in effect at the time of Application submission ("Principal Disclosure Form"), must be submitted, in Excel format, as part of the Application package.

(3) The Principal Disclosure Form must identify, pursuant to subsections 67-21.002(86) and 67- 21.0025(7) and (8), F.A.C., the Principals of the Applicant and Developer(s). For Housing Credits, the investor limited partner of an Applicant limited partnership or the investor member of an Applicant limited liability company must be identified on the Principal Disclosure Form. *A Principals Disclosure Form should not include, for any organizational structure, any type of entity that is not specifically included in the Rule definition of Principals. Pursuant to subsection 67-21.002(86)*, any Principal that is not a natural person must be a legally formed entity as of the Application Deadline.

(4) In order to assist the Applicant in completing the Principal Disclosure Form, the Corporation offers an Advance Review Process. The Advance Review Process for Disclosure of Applicant and Developer Principals is available on the Non-Competitive Application webpage and also includes samples which may assist the Applicant in completing the required Principals Disclosure Form.

c) The NCA further provides:

(1) Non-Competitive Housing Credits (4 Percent HC) only, to be used for a Tax-Exempt Bonds Financed Development where the bonds are issued by a County Housing Finance Authority (HFA) established pursuant to Section 159.604, F.S. The Non-Competitive Application Form can be submitted anywhere from the time the Applicant completes Credit Underwriting for the Bonds up until the last Corporation business day of December of the year the Development is placed in service.

d) Petitioner's ownership structure does not presently meet the above Rules and the NCA terms which require that, by the third principal disclosure level of the Principal Disclosure Form, the Principals disclosed must all be natural persons. The above rules also do not allow for pension fund Principals. Petitioner states that it cannot meet the requirements for the following reasons:

(1) Petitioner states it is majority owned and controlled by the California State Teachers' Retirement System ("CalSTRS") pension fund. Petitioner's structure has various corporate layers to accommodate the fact that it is majority owned and controlled by a pension fund. The participants of the CalSTRS pension fund are continually changing and currently number above 980,000 members. Petitioner states that reporting all members on the Principal Disclosure Form is not practical or feasible. The ultimate participants in the pension plan cannot control the investments and may change regularly, making it impossible to have a Principal Disclosure Form that does not change during the application process if such natural persons were included.

(2) Petitioner's ownership structure also includes two employee profit-

sharing entities, FRH CI LLC - AHF GP3 Series, a Delaware limited liability company, and FRH CJ LLC - AHF LP3 Series, a Delaware limited liability company (collectively, the "Profit-Sharing Entities"). The Profit-Sharing Entities own, collectively, less than a 3% ultimate interest in the general partner of the Petitioner. The Profit-Sharing Entities are made up completely of employees or trusts established by an employee. The Profit-Sharing Entities are utilized to provide compensation to employees and changes in ownership of the entities are intrinsically tied to changes to the employees. Petitioner states that the employees of the Profit-Sharing Entities have no ability to control the investments or to exercise meaningful control of the Profit-Sharing Entities and that the only role these members serve is to passively receive any cash flow that passes through the Profit-Sharing Entities as additional compensation for their employment. Petitioner further states that requiring the Profit-Sharing Entities to report each employee and each change in employment status would not be practical. Petitioner would effectively be required to consult with Florida Housing on its hiring, firing, and other employment practices.

e) Petitioner further seeks a waiver of timing requirements under the NCA, which require that Petitioner complete the credit underwriting for its bond transaction before submission of the Application. Petitioner explains that, to complete the bond credit underwriting (necessary to submit its non-competitive credit application), Petitioner must have finalized its ownership structure, the subject of this Petition. However, under the terms of the NCA, Petitioner may not request a waiver of the NCA until it has submitted its application, and the NCA requires a final bond transaction credit underwriting before application submission. Therefore, Petitioner requests a waiver of the requirement to submit a final bond transaction Credit Underwriting Report with its Application to expedite the funding process and prevent further delay.

f) On May 23, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 100. To date, Florida Housing has received no comments concerning the Petition.

g) 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.

h) Granting the requested waiver does not impact 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 Petitioner a Waiver of Rule 67-21.0025(7), Fla Admin. Code (2022), Rule 67-21.003(1)(b), Fla. Admin. Code (2022), and the referenced sections of the 2022 Non-Competitive Application Package to:

(1) Relieve Petitioner of the principal disclosure requirement to disclose all employee-owners of the referenced Profit-Sharing Entities on the condition that the Petitioner agrees to provide a list of natural person Principals for the Profit-sharing Entities if requested by staff. Failure to do so may result in staff withholding 8609s;

(2) Relieve Petitioner of the principal disclosure requirement to disclose all natural person Principal participants (teachers) of the CalSTRS pension fund;

(3) Relieve Petitioner of the principal disclosure requirement to allow natural person Principals to be disclosed beyond the third level;

(4) Relieve Petitioner of the definition of Principal to allow the Petitioner to include a pension fund as a Principal on the Principal Disclosure form; and

(5) Allow the Petitioner to submit its Non-Competitive Application before receiving its Final Bond Transaction Credit Underwriting Report.

LEGAL

Consent

I. In Re: College Trace Apartments, L.P.

FHFC Case No. 2023-036VW

Development Name: ("Development"):	**College Trace Apartments**
Developer/Principal: ("Developer"):	**OMP College Trace Apartments, LLC/ David Fleming**
Number of Units: 112 units	**Location: Escambia County**
Type: Acquisition and Rehabilitation; Townhomes	**Set-Asides: 100% @ 60% AMI**
Demographics: Family	**Funding: 4% HC: $1,185,192**

1. **Background:**

a) College Trace Apartments, L.P. ("Petitioner") successfully applied for funding to assist in the acquisition and rehabilitation of the College Trace Apartments, a 112-unit development located in Escambia County, Florida (the "Development"). On May 11, 2023, Florida Housing received a Petition for Waiver of Rules 67-21.0025(7)(c) and 67-21.003(1)(b), F.A.C. (07/06/2022) and Part A.6.b.1 of the Non-Competitive Application Package and on June 30, 2023, Florida Housing received an Amended Petition for Waiver of Rules 67-21.0025(7)(c) and 67-21.003(1)(b), F.A.C. (07/06/2022) and Part A.6.b.1 of the Non-Competitive Application Package (the "Petition) to (1) allow the Petitioner to make a material change to the ownership structure of the Applicant entity, which may occur prior to the issuance of the Preliminary Determination and (2) allow disclosure of natural person principals beyond the third principal disclosure level. A copy of the Petition is attached as Exhibit I.

2. **Present Situation**

a) Florida Administrative Code Rule 67-21.0025(7)(c) (2022), provides, in relevant part:

> (7) Disclosure of the Principals of the Applicant must comply with the following:
>
> ***
>
> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons…

b) Florida Administrative Code Rule 67-21.003(1)(b) (2022) incorporates by reference the Non-Competitive Application Package ("NCA") in effect at the time Petitioner submitted the Application. At issue here is Part A.6.b.1 of the NCA (Rev. 04-2022), which provides:

> The Applicant entity shall be the recipient of the Housing Credits and the ownership structure of the Applicant entity as set forth in the Principal Disclosure Form and cannot be changed in any way (materially or nonmaterially) until after the Preliminary Determination is issued. Once the Preliminary Determination has been issued, (a) any material change in the ownership structure of the named Applicant will require Board approval prior to the change, and (b) any non-material change in the ownership structure of the named Applicant will require Corporation approval prior to the change. The ownership structure of the Applicant

entity may be changed without Corporation or Board approval after a Final Housing Credit Allocation Agreement has been approved and the IRS Forms 8609 have been issued; however, the Corporation must still be notified in writing of the change. The Applicant must comply with Principal disclosure requirements outlined in Rule Chapter 67-21, F.A.C. for the duration of the Compliance Period. Changes to the ownership structure of the Applicant entity prior to the issuance of the Preliminary Determination or without Board approval or Corporation approval, as applicable, prior to the approval of the Final Housing Credit Allocation and issuance of the IRS Forms 8609 shall result in a disqualification from receiving funding and shall be deemed a material misrepresentation. Changes prior to the issuance of the Preliminary Determination to the officers or directors of a Public Housing Authority, officers or directors of a Non-Profit entity, or the limited partner of an investor limited partnership or an investor member of a 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 Non-Profit entity shall require Corporation approval. Any allowable replacement to the natural person Principals of a Public Housing Authority or officers and/or directors of a non-profit entity will apply to all preliminarily awarded Applications and Applications pending final Board action that include the Public Housing Authority or non-profit entity.

c) Petitioner seeks to complete a transaction that would change the ownership structure of the Applicant and, in doing so, requests a waiver of the above Rules to allow the Petitioner to make a future material change in the ownership structure, which may occur before the issuance of the Preliminary Determination and allow disclosure of natural person principals beyond the third principal disclosure level. As part of a larger transaction, Teachers Insurance and Annuity Association of America, through its wholly owned affiliate, TGA GP FL HoldCo LLC (collectively, “TIAA”), seeks to acquire an interest in the Petitioner’s general partner, Omni Affordable Florida, LLC (“Omni”). TIAA’s present business structure does not conform to the above Rules. Petitioner states that the TIAA has rearranged some of its business organization in order to better comply with Florida Housing requirements; however, because of TIAA’s unique corporate structure (which includes a Board of Governors as its sole shareholder and a Board of Trustees that operates as a traditional board of directors), TIAA cannot disclose all natural person principals by the third level. Petitioner states that TIAA will install a Board of Managers so that by the fourth level, TIAA will disclose all natural persons within a Board of Managers responsible for day-to-day operations and management. TIAA agrees that it will not change those individuals without Florida Housing’s written consent. TIAA provides a detailed description of its proposed ownership structure, the business transaction, and the individuals who will be disclosed within the attached Petition.

d) TIAA would like to expand its investment mission to include Florida affordable housing. However, Petitioner states that TIAA’s corporate governance structure has existed in this capacity for a number of years, and, if Florida Housing does not grant this Petition, TIAA will effectively be excluded from participating in the Florida LIHTC housing market.

e) Petitioner and TIAA are currently going through diligence on this transaction, whereby, if/when the transaction closes, TIAA would acquire the ownership interest in Omni. Petitioner is submitting the Petition at this time because the purchasers would like confirmation that this requested rule waiver would be approved before completing the acquisition. The closing on the acquisition may occur at any time during construction or may occur after construction completion. Therefore, due to uncertainty of the timing of this transaction and because the closing of this transaction may occur prior to issuance of the Preliminary Determination, Petitioner has requested a waiver of the timing requirements so that the Applicant entity may be changed prior to the issuance of the Preliminary Determination, if necessary. As a condition of this waiver, once the transaction is ready to occur, Petitioner has agreed to coordinate with Florida Housing staff for underwriter review of the new entities before completing the transaction.

f) On May 15, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 94. On July 5, 2023, Notice of the Amended Petition was published in the Florida Administrative Register in Volume 49, Number 129. To date, Florida Housing has received no comments concerning the Petition.

g) 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.

h) Granting the requested waiver does not impact 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 Amended Petition for Waiver of Florida Administrative Code Rules 67-21.0025(7)(c) and 67-21.003(1)(b) (2022) and Part A.6.b.1 of the Non-Competitive Application Package to

(1) Allow the Petitioner to make a future material change to the ownership structure of the Applicant entity and allow the change to occur prior to the issuance of the Preliminary Determination, if necessary;

(2) Allow disclosure of natural person principals beyond the third principal disclosure level.

(3) The recommendation to allow a future material change in the Applicant ownership structure is contingent upon receipt of a positive recommendation from the credit underwriter.

(4)

J. In re: Resolutions 2023-020 and 2023-021, Signature Authority

1. <u>Background:</u>

a) During the ordinary course of business, situations arise wherein an authorized signature is needed by the Corporation on routine financial documents and to affect bond transactions. By a series of resolutions, the Board has previously delegated signature authority to the Executive Director, Chief Financial Officer, and Comptroller to execute corporation bonds and related documents, and has designated certain additional Corporation staff as Assistant Secretaries of the Corporation for purposes of providing attestations and certifications.

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

a) Draft Resolutions 2023-020 and 2023-021 (Exhibits J & K) reflect changes in corporate structure and positions.

3. <u>Recommendation:</u>

a) Staff recommends that the Board adopt Resolutions 2023-020 and 2023-021, delegating signature authority, designating, and authorizing staff as described in the respective Resolutions.

K. In Re: Mandarin Trace Apartments, L.P.

FHFC Case No. 2023-059VW

Development Name: ("Development"):	**Mandarin Trace Apartments**
Developer/Principal: ("Developer"):	**OMP Mandarin Trace Apartments, LLC/ David Fleming**
Number of Units: 120 units	**Location: Duval County**
Type: Acquisition and Rehabilitation; Garden	**Set-Asides: 100% @ 60% AMI**
Demographics: Family	**Funding: 4% HC: $1,250,468**

1. **Background:**

a) Mandarin Trace Apartments, L.P. ("Petitioner") successfully applied for funding to assist in the acquisition and rehabilitation of the Mandarin Trace Apartments, a 120-unit development located in Duval County, Florida (the "Development"). On June 30, 2023, Florida Housing received a Petition for Waiver of Rules 67-21.0025(7)(c), F.A.C. (07/06/2022) (the "Petition") to relieve Petitioner of the principal disclosure requirement to allow natural person Principals to be disclosed beyond the third level; A copy of the Petition is attached as Exhibit L.

2. **Present Situation**

a) Florida Administrative Code Rule 67-21.0025(7)(c) (2022), provides, in relevant part:

> (7) Disclosure of the Principals of the Applicant must comply with the following:
>
> ***
>
> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons…

b) Petitioner seeks to complete a transaction that would change its ownership structure and, in doing so, requests a waiver of the above Rules to allow the Petitioner to make a future material change in the ownership structure that would include disclosure of natural person principals beyond the third principal disclosure level. As part of a larger transaction, Teachers Insurance and Annuity Association of America, through its wholly owned affiliate, TGA GP FL HoldCo LLC (collectively, "TIAA"), seeks to acquire an interest in the Petitioner's general partner, Omni Affordable Florida, LLC ("Omni"). TIAA's present business structure does not conform to the above Rules. Petitioner states that the TIAA has rearranged some of its business organization in order to better comply with Florida Housing requirements; however, because of TIAA's unique corporate structure (which includes a Board of Governors as its sole shareholder and a Board of Trustees that operates as a traditional board of directors), TIAA cannot disclose all natural person principals by the third level. Petitioner states that TIAA will install a Board of Managers so that by the fourth level, TIAA will disclose all natural persons within a Board of Managers responsible for day-to-day operations and management. TIAA agrees that it will not change those individuals without Florida Housing's written consent. TIAA provides a detailed description of its proposed ownership structure, the business transaction, and the individuals who will be disclosed within the attached Petition.

c) Petitioner and TIAA are currently going through diligence on this transaction, whereby, if/when the transaction closes, TIAA would acquire the ownership interest in Omni. Petitioner submitted the Petition at this time because the purchasers would like confirmation that this requested rule waiver would be approved prior to completing the acquisition of Omni. The closing on the acquisition may occur at any time during construction or may occur after construction completion. Therefore, as a condition of this waiver, once the transaction is ready to occur, Petitioner has agreed to coordinate with Florida Housing staff for underwriter review of the new entities before completing the transaction.

d) TIAA would like to expand its investment mission to include Florida affordable housing. However, Petitioner states that TIAA's corporate governance structure has existed in this capacity for a number of years, and, if Florida Housing does not grant this Petition, TIAA will effectively be excluded from participating in the Florida LIHTC housing market.

e) On July 5, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 129. To date, Florida Housing has received no comments concerning the Petition.

f) 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.

g) Granting the requested waiver does not impact 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 Petition for Waiver of Florida Administrative Code Rules 67-21.0025(7)(c) (2022) to allow the Petitioner to make a future material change to the ownership structure of the Applicant entity whereby disclosure of natural person principals would occur beyond the third principal disclosure level. The recommendation to allow a future material change in the Applicant ownership structure is contingent upon receipt of a positive recommendation from the credit underwriter.

L. In Re: Parkwood Plaza Apartments, Ltd.

FHFC Case No. 2023-058VW

Development Name ("Development"):	**52 at Park**	
Developer/Principal ("Developer"):	**Parkwood Plaza Developer LLC/ Russell Condas**	
Number of Units: 300 units	**Location:**	**Orange County**
Type: New Construction/ Garden Apartments	**Set-Asides:**	**100% @ 60% AMI**
Demographics: Family	**Funding:**	**4% HC: $4,621,250** **Viability: $4,300,000** **MMRB: $55,500,000**

1. **Background:**

a) Parkwood Plaza Apartments, Ltd. ("Petitioner") successfully applied for funding to assist in the construction of 52 at Park, a 300-unit development located in Orange County, Florida (the "Development"). On June 30, 2023, Florida Housing received a Petition for Waiver of Rule 67-21.003(11), F.A.C. (05/18/2021) (the "Petition") to allow Petitioner to withdraw from the Florida Housing-Issued bonds and instead use Orange County Housing Finance Authority ("OCHFA") issued bonds without also withdrawing from Florida Housing RFA 2023-211, Construction Inflation Response Viability Funding ("Viability Funding") and the 4% Non-Competitive Housing Credits. A copy of the Amended Petition is attached as Exhibit M.

2. **Present Situation:**

a) Rule 67-21.003(11), Fla. Admin. Code (2021), states, in relevant part: "The withdrawal by the Applicant from any one program will be deemed by the Corporation to be a withdrawal of the Application from all programs."

b) Petitioner states that the Development was originally induced bonds by OCHFA, but a 2022 allocation was ultimately unavailable for that region. Petitioner subsequently applied, and was approved, for Florida Housing issued bonds and 4% Non-Competitive Housing Credits. On June 14, 2023, Petitioner received a preliminary Viability Funding award under RFA 2023-211. Petitioner was recently informed by OCHFA that there now exists sufficient bond capacity in the region and that OCHFA was able to secure a regional allocation for the Development.

c) Petitioner states that the project has experienced substantial cost increases that could render the project unfeasible if this waiver is not granted. Petitioner cites construction cost and interest rate increases now require Petitioner to carry a much larger interest reserve throughout the construction period. Additionally, Petitioner cites permanent interest rate increases have reduced its available mortgage proceeds. If granted, OCHFA will issue the bonds, thereby preserving Florida Housing's limited Bond Allocation.

d) On July 5, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 129. 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 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 Petitioner's request for a waiver of Rule 67-21.003(11), Fla. Admin. Code (2021), to allow Petitioner to withdraw from the Florida Housing-Issued bonds and instead use Orange County Housing Finance Authority issued bonds without also withdrawing from Florida Housing 4% Non-Competitive Housing Credits and RFA 2023-211, Construction Inflation Response Viability Funding.

M. In Re: Kissimmee Leased Housing Associates III, LLLP

FHFC Case No. 2023-060VW

Development Name ("Development"):	**Maison at Solivita Marketplace**
Developer/Principal ("Developer"):	**Kissimmee Leased Housing Development III, LLC / Devon Quist**
Number of Units: 300 units	**Location: Osceola County**
Type: New Construction/ Garden Apartments	**Set-Asides: 100% @ 60% AMI**
Demographics: Family	**Funding: 4% HC: $5,889,265 MMRB: $70,000,000**

1. **Background:**

a) Kissimmee Leased Housing Associates III, LLLP ("Petitioner") applied for funding to assist in the construction of Maison at Solivita Marketplace, a proposed 300-unit development located in Osceola County, Florida (the "Development"). On July 5, 2023, Florida Housing received a Petition for Waiver of Rule 67-21.003(1)(b) and Non-Competitive Application Package (Rev. 04-2022) (the "Petition") to allow Petitioner's development to exceed 300 units. A copy of the Petition is attached as Exhibit N.

2. **Present Situation:**

a) Rule 67-21.003(1)(b), Fla. Admin. Code (2022), incorporates by reference the Non-Competitive Application Package ("NCA") in effect at the time Petitioner submitted its application. At issue here is Part A.9.a of the NCA (Rev. 04-2022), which states: "The following unit limit applies only to Applications requesting Corporation issued MMRB with 4 percent HC: Proposed Developments with a Development Category of new construction, Redevelopment, or acquisition and Redevelopment may not exceed 300 total units."

b) Petitioner requests a waiver of the above section of the NCA to allow Petitioner to construct 396 units instead of the 300 units allowed by the NCA. As justification for its request, Petitioner states that recent increases in construction prices and 10-year treasury rates have threatened the financial viability of the Development. The greater unit count allows Petitioner to spread its fixed construction costs over more units, and the additional revenue from the added units offsets increased fixed operating expenses, thereby reducing the per-unit costs and expenses.

c) In parallel, but unrelated to Petitioner's request, Florida Housing staff is presently considering removing the 300-unit limitation in future Non-Competitive Application Packages to allow larger developments to apply for this funding source.

d) On July 6, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 130. 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 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. **Recommendation:**

a) Staff recommends the Board GRANT Petitioner's request for a waiver of Rule 67-21.003(1)(b), Fla. Admin. Code (2022), and part A.9.a of the NCA (Rev. 04-2022) to allow Petitioner's development to exceed 300 units.

IV. MULTIFAMILY BONDS

A. Request Approval of the Credit Underwriting Report Update Letter and Amended Authorizing Resolutions for Barnett Villas (2021-108B / 2021-555C / RFA 2023-211 / 2023-259V)

Development Name: Barnett Villas	**Location: Orange County**
Applicant/Borrower: BDG Barnett Villas, LP	**Set-Asides:** **40% @ 60% AMI (MMRB)** **25% @ 50% AMI (4% HC)** **50% @ 60% AMI (4% HC)** **25% @ 70% AMI (4% HC)**
Developers/Principals: BDG Barnett Villas Developer, LLC / Scott Zimmerman	**Demographic/Number of Units:** **Family / 156 units**
Requested Amounts: **$24,000,000 Multifamily Mortgage Revenue Bonds (MMRB)** **$2,999,999 Viability Loan** **$2,009,091 Housing Credits (4% HC)**	**Development Category/Type:** **New Construction / Garden Apartments**

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

a) On January 6, 2022, the Applicant submitted a Non-Competitive Application package requesting tax-exempt MMRB in the amount of $19,600,000 and Non-Competitive Housing Credits in the amount of $1,481,329. Subsequently, the MMRB request amount was increased to $22,000,000.

b) On March 23, 2022, staff issued an invitation to enter credit underwriting to the Applicant. The acceptance was acknowledged on March 23, 2022.

c) On April 28, 2023, Board approved the final credit underwriting report with a positive recommendation for MMRB funding.

d) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

e) On June 6, 2023, staff received a request to increase the total MMRB amount from $22,000,000 to $24,000,000.

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.

g) On July 6, 2023, staff received a final credit underwriting update letter with a positive recommendation to increase the MMRB amount and to add Viability Loan funding (Exhibit A). Staff has reviewed this report and finds that the development meets all requirements of the Non-Competitive Application and the RFA.

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

2. <u>Recommendation:</u>

a) Approve the final credit underwriting update letter and amended 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, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

B. Request Approval of the Credit Underwriting Report Update Letter and Amended Authorizing Resolutions for Tupelo Park Apartments (2022 Series E / RFA 2019-109 / 2019-401BH)

Development Name: Tupelo Park Apartments	**Location: Bay County**
Applicant/Borrower: Tupelo Park, LP	**Set-Asides:** **20% @ 50% AMI (MMRN, HOME & 4% HC)** **80% @ 60% AMI (MMRN, HOME & 4% HC)**
Developers/Principals: The Paces Foundation, Inc. / Renee Sandell	**Demographic/Number of Units:** **Family / 47 units**
Requested Amounts: **$8,700,000 Multifamily Mortgage Revenue Notes (MMRN)** **$4,300,000 Home Investment Partnership Loan (HOME)** **$1,125,000 HOME Viability Loan (HVL)** **$648,539 Housing Credits (4% HC)**	**Development Category/Type:** **New Construction / Garden Apartments**

1. **Background/Present Situation:**

a) On February 21, 2019, Florida Housing issued a Request for Applications (RFA) 2019-109 HOME Financing to be Used for Rental Developments in Hurricane Michael Impacted Counties and in Rural Areas. Corporation-Issued Multifamily Mortgage Revenue Bonds (MMRB) Program Funding and Non-Competitive Housing Credits may be used in conjunction with the HOME funding in Bay County.

b) On October 22, 2021, the Board approved to use HOME Funds for Viability Loans to eligible HOME and CDBG-DR Developments due to increased construction costs. On October 28, 2021, the Borrower was afforded the opportunity to request HVL funds.

c) On December 10, 2021, the Board approved the final credit underwriting report for MMRN, HOME, and Non-Competitive Housing Credits; authorizing resolutions, and to proceed with the issuance of a firm commitment and closing activities.

d) On April 29, 2022, the Board approved the final credit underwriting update letter with a positive recommendation for a HOME Viability Loan and directed staff to proceed with issuance of a firm commitment and closing activities.

e) On June 9, 2022, the development closed on the MMRN, HOME, HOME Viability and 4% HC funding.

f) On July 6, 2023, staff received a final credit underwriting update letter with a positive recommendation for a supplemental tax-exempt note issuance in the amount of $500,000 for construction financing (Exhibit C). This will increase the total MMRN from $8,200,000 to $8,700,000.

g) Staff reviewed the amended authorizing resolutions (Exhibit D) 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 update letter and amended authorizing resolutions and direct staff to proceed with closing activities, subject to further approvals and verifications by the Credit Underwriter, Note Counsel, Special Counsel, and the appropriate Florida Housing staff.

C. 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 Developments referenced below, the final credit underwriting reports are being presented to the Board for approval simultaneously with this request to assign the appropriate professionals for the transactions and approval of the recommended methods of sale. A brief description of the Developments are detailed below, along with staff's recommendations.

b) Pursuant to Rule 67-21.0045, F.A.C., staff has requested a review of the proposed financing structures by the Independent Registered Municipal Advisor (IRMA) in order to make a recommendation to the Board for the methods of bond/note sale for the developments. Caine Mitter and Associates Incorporated has prepared an analysis and recommendation for the methods of bond/note sale for the Developments. The recommendation letters are attached as Exhibit E and F.

2. Present Situation

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

3. Recommendation

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

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional	Exhibit
Barnett Villas	Orange County	156	Private Placement	RBC Capital Markets, LLC	Exhibit E
Citadelle Village	Miami-Dade County	96	Private Placement	RBC Capital Markets, LLC	Exhibit F

D. Request Approval of the Credit Underwriting Update Letter for Princeton Crossings (2023 Series L / RFA 2020-205 / 2021-244BS / 2020-530C / RFA 2023-211 / 2023-244V)

Development Name: Princeton Crossings	**Location: Miami-Dade County**
Applicant/Borrower: Princeton Crossings LLC	**Set-Asides:** **40% @ 60% AMI (MMRB)** **16% @ 30% AMI (SAIL, ELI, & 4% HC)** **36% @ 60% AMI (SAIL & 4% HC)** **48% @ 70% AMI (SAIL & 4% HC)**
Developers/Principals: RS Development Corp. / Lewis Swezy	**Demographic/Number of Units:** **Family / 150 units**
Requested Amounts: **$25,000,000 Multifamily Mortgage Revenue Bonds (MMRB)** **$4,020,000 State Apartment Incentive Loan (SAIL)** **$600,000 Extremely Low Income (ELI)** **$3,300,000 Viability Loan** **$2,207,319 Housing Credits (4% HC)**	**Development Category/Type:** **New Construction / High Rise**

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

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

b) On May 10, 2023, the Broad approved the final credit underwriting report with a positive recommendation for funding and directed staff to proceed with closing activities. The MMRB, SAIL, ELI, and 4% HC funding closed on May 12, 2023.

c) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

d) On July 6, 2023, staff received a credit underwriting update letter with a positive recommendation for Viability Loan funding (Exhibit G). Staff has reviewed this report and finds that the Development meets all requirements of the RFA.

2. <u>Recommendation:</u>

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

E. Request Approval of the Credit Underwriting Update Letter for Hillsboro Landing f/k/a Tallman Pines – Phase II (2023 Series H / RFA 2020-205 / 2021-207BSN / 2020-538C / 2022 CHIRP ITP)

Development Name: Hillsboro Landing f/k/a Tallman Pines - Phase II	**Location: Broward County**
Applicant/Borrower: Tallman Pines HR, Ltd.	**Set-Asides:** **40% @ 60% AMI (MMRN)** **90% @ 60% AMI (SAIL)** **10% @ 25% AMI (SAIL & ELI)** **6.67% @ 22% AMI (NHTF)** **100% @ 60% AMI (4% HC)**
Developers/Principals: HTG Tallman HR Developer, LLC / Matthew Rieger	**Demographic/Number of Units:** **Elderly / 75 units**
Requested Amounts: **$25,000,000 Multifamily Mortgage Revenue Notes (MMRN)** **$2,770,000 State Apartment Incentive Loan (SAIL)** **$4,300,000 Construction Housing Inflation Response Program (CHIRP) Additional Loan Funding** **$600,000 Extremely Low Income (ELI)** **$1,569,397 National Housing Trust Fund (NHTF)** **$1,861,951 Housing Credits (4% HC)**	**Development Category/Type:** **New Construction / Mid-Rise (5-6 Stories)**

1. **Background/Present Situation:**

   a) Florida Housing originally financed the above referenced Development through Request for Application (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 in 2023 with $25,000,000 in tax-exempt MMRN designated as 2023 Series H, $7,770,000 in SAIL consisting of $2,770,000 in SAIL and $4,300,000 in SAIL CHIRP, and $1,861,951 in 4% HC. This funding closed on June 9, 2022.

   b) On June 12, 2023, the Borrower requested Florida Housing's consent to transfer the General Partner interest of the Applicant Entity from Building Better Communities, Inc. to MCCAN Communities, Inc. With this transfer, Randy Rieger, LLC and Balogh Family Partnership, LLC will be added as additional Guarantors.

   c) On July 7, 2023, staff received a credit underwriting update letter with a positive recommendation for the transfer of the Applicant's General Partner interest and the addition of two Guarantors (Exhibit H). Per the RFA, 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, (a) any material change will require review and approval of the Credit Underwriter, as well as approval of the Board prior to the change, and (b) any non-material change will require review and approval of the Corporation, as well as approval of the Board prior to the change. Staff has reviewed this report and finds that the Development meets the requirements of the RFA.

2. **Recommendation:**

a) Approve the request to change the Applicant organizational structure and addition of two Guarantors as recommended in the credit underwriting update letter**.**

F. Request Approval to Execute Acknowledgment Resolution(s)

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 Developments. Brief descriptions of the Developments are detailed below. The resolutions being presented to the Board for approval are attached as Exhibit I through K.

2. **Recommendation**

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

Development Name	Name of Applicant	County	Number of Units	RFA / Applicable Application	Exhibit
Sovereign at Harbor West	Sovereign at Harbor West, LLC	Charlotte County	32	RFA 2022-206 / 2023-165BH	Exhibit I
Sovereign at Parkside East	Sovereign at Parkside East, LLC	Charlotte	32	RFA 2022-206 / 2023-166BH	Exhibit J
Emerald Villas Phase Three	Emerald Villas Phase Three, LLC	Orange	90	2022 Non-Competitive Application	Exhibit K

MULTIFAMILY BONDS

Consent

G. Request Approval of the Credit Underwriting Report and Authorizing Resolutions for Citadelle Village (RFA 2017-108 / 2018-033BS / RFA 2023-211 / 2023-261V)

Development Name: Citadelle Village	**Location: Miami-Dade County**
Applicant/Borrower: Citadelle Village, LLC	**Set-Asides:** **10% @ 28% AMI (MMRN, SAIL, ELI & 4% HC)** **90% @ 60% AMI (MMRN, SAIL & 4% HC)**
Developers/Principals: Citadelle Village Developer, LLC / Joey Chapman	**Demographic/Number of Units:** **Family / 96 units**
Requested Amounts: **$23,250,000 Multifamily Mortgage Revenue Notes (MMRN)** **$3,600,000 State Apartment Incentive Loan (SAIL)** **$600,000 Extremely Low Income (ELI)** **$4,300,000 Viability Loan** **$754**,301 **Housing Credits (4% HC)**	**Development Category/Type:** **New Construction / High Rise**

1. **Background/Present Situation:**

a) On August 31, 2017, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2017-108 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 December 8, 2017, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On May 4, 2018, 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 a preliminary commitment letter and invitation to enter credit underwriting to the Applicant on May 4, 2018, which states that the firm loan commitment must be issued within 9 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on May 4, 2018, giving them a firm loan commitment issuance deadline of February 4, 2019. Applicants may request one (1) extension of up to 6 months to secure a firm loan commitment.

d) On February 1, 2019, the Board approved the request to extend the firm loan commitment issuance deadline from February 4, 2019 to August 4, 2019. On August 2, 2019, the Board granted a petition to extend the firm loan commitment issuance deadline to January 31, 2020. On January 23, 2020, the Board granted a second petition to extend the firm loan commitment issuance deadline to July 31, 2020. On July 17, 2020, the Board granted a third petition to extend the firm loan commitment issuance deadline to January 31, 2021. On January 22, 2021, the Board approved a fourth petition to extend the firm loan commitment issuance deadline to July 31, 2021. On July 30, 2021, the Board approved a fifth petition to extend the firm loan commitment issuance deadline to December 31, 2021. On December 10, 2021, the Board approved a sixth petition to extend the firm loan commitment issuance deadline to June 30, 2022. On June 17, 2022, the Board approved a seventh petition to extend the firm loan commitment issuance deadline to December 27, 2022. On January 27, 2023, the Board approved an eighth petition to extend the firm loan commitment issuance deadline to June 26, 2023.

e) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

f) On June 9, 2023, the Board approved staff's recommendation to offer the Development a Viability Loan under 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 29, 2023.

g) On June 29, 2023, the Borrower submitted a request to increase the Total Development Cost ("TDC") Limitations required by RFA 2017-108 (Exhibit L). The Borrower request to use the approved TDC Per Unit Limitations approved at the Telephonic Board Meeting on April 1, 2022 and ratified at the April 29, 2022 Board Meeting.

h) On July 10, 2023, staff received a final credit underwriting report with a positive recommendation for funding (Exhibit M). Staff has reviewed this report and finds that the development meets all requirements of the RFA.

i) Staff reviewed the authorizing resolutions (Exhibit N) authorizing the sale and issuance of Multifamily Mortgage Revenue Bonds 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 increase to the TDC Limitations 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.

H. Request Approval of the Transfer of Ownership for Cutler Vista (2006 Series A/1989-090S/2006-504C)

Development Name: Cutler Vista	Location: Miami-Dade County
Applicant/Borrower: Cutler Vista Preservation, LP	Set-Asides: 70% @ 60% AMI (MMRB & 4% HC) 20% @ 50% AMI (SAIL) 5% @ 60% AMI (SAIL)
Developers/Principals: Related Companies, L.P. / Matthew Finkle	Demographic/Number of Units: Elderly / 216
Requested Amounts: $7,120,000 Multifamily Mortgage Revenue Bonds (MMRB) $2,500,000 State Apartment Incentive Loan (SAIL) $502,064 Housing Credits (4% HC)	Development Category/Type: Acquisition and Rehabilitation / Garden Apartments

1. **Background**

a) Florida Housing originally financed the above referenced Development in 1989 with a $2,500,000 SAIL loan. In 2006 the Development was acquired by current Borrower and rehabilitated with $7,120,000 in tax exempt MMRB designated as 2006 Series A and an allocation of 4% Housing Credits in an amount of $502,064.

2. **Present Situation**

a) The Borrower has requested Florida Housing's consent to the transfer of ownership of the Development to Cutler Vista Housing, L.P., an affiliate of the Related Companies and transfer and subordination of the MMRB and SAIL Land Use Restriction Agreements (LURAs) and the Extended Low-Income Housing Agreement (ELIHA). Seltzer Management Group has reviewed this request and provided a positive recommendation for the transfer, the assignment and assumption of the MMRB LURA, SAIL LURA, and the ELIHA and subordination of the MMRB LURA, SAIL LURA and ELIHA to the new first mortgage lender Wells Fargo Bank, N.A. (Exhibit O). The MMRB will be redeemed, and the SAIL loan will be paid off from the proceeds of the refinancing.

3. **Recommendation**

a) Approve the transfer of ownership and the assignment, assumption, and subordination of the MMRB and SAIL LURAs, and the ELIHA subject to the conditions in the credit underwriting report, and further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY PROGRAM

Consent

V. MULTIFAMILY PROGRAMS

A. Request Approval of Credit Underwriting Report for Pinnacle 441, Phase 2 (RFA 2022-205 / 2023-119SN / 2022-525C)

Development Name: Pinnacle 441, Phase 2	**Location: Broward County**
Applicant/Borrower: Pinnacle 441 Phase 2, LLC	**Set-Aside(s):** **10% @ 30% AMI (SAIL, ELI, & 4% HC)** **90% @ 60% AMI (SAIL & 4% HC)** **5% @ 22% AMI (NHTF)**
Developer/Principal: **Pinnacle Communities, LLC / David O. Deutch**	**Demographic/Number of Units:** **Family/100**
Requested Amounts: **$4,000,000 State Apartment Incentive Loan (SAIL)** **$750,000 Extremely Low Income (ELI)** **$1,850,000 National Housing Trust Fund (NHTF)** **$1,976,722 Housing Credits (4% HC)**	**Development Category/Type:** **New Construction/High-Rise**

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

   a) On November 14, 2022, Florida Housing Finance Corporation issued a 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 April 10, 2023, staff issued an at-risk invitation to enter credit underwriting to the Applicant. The acceptance was acknowledged on April 12, 2023, giving them a firm loan commitment deadline of April 12, 2024. All pending litigation pertaining to RFA 2022-205 has been resolved and the Final Order will be issued at the July 21, 2023 Board meeting. The approval of this request will not be effective until after the issuance of the Final Order.

   d) On July 7, 2023, staff received 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.

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

   a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities contingent of the issuance of the Final Order for RFA 2022-205.

MULTIFAMILY PROGRAM

Consent

B. Request Approval of Credit Underwriting Report for Griffin Lofts (RFA 2022-103 / 2022-257CSN & RFA 2023-211 / 2023-231V)

Development Name: Griffin Lofts	**Location: Polk County**
Applicant/Borrower: Allegre Pointe, LLC	**Set-Aside(s):** **15% @ 40% AMI (SAIL, ELI, & 4% HC)** **85% @ 60% AMI (SAIL & 4% HC)** **5% @ 22% AMI (NHTF)**
Developer/Principal: **Carrfour Supportive Housing, Inc./Stephanie Berman**	**Demographic/Number of Units:** **Homeless/60**
Requested Amounts: **$4,200,000 State Apartment Incentive Loan (SAIL)** **$140,300 Extremely Low Income (ELI)** **$4,300,000 Viability Loan** **$870,000 National Housing Trust Fund (NHTF)** **$1,700,000 Housing Credits (9% HC)**	**Development Category/Type:** **New Construction/Mid-Rise (4 stories)**

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

a) On November 2, 2021, Florida Housing Finance Corporation issued a 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.

c) On May 12, 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 25, 2022, giving them a firm loan commitment issuance deadline of May 25, 2023. Per the RFA, Applicants may request one (1) extension of up to 6 months to secure a firm loan commitment.

d) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

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. Additionally, the Board approved a firm loan commitment issuance deadline extension from May 25, 2023 to November 25, 2023.

f) On July 7, 2023, staff received 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 RFA.

2. Recommendation

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

MULTIFAMILY PROGRAM

Consent

C. Request Approval of CHIRP ITP Waiver for Loan Closing Deadline and LPA Closing Deadline for Alto Tower (RFA 2021-103 / 2021-294CSN / 2022 CHIRP ITP)

Development Name: Alto Tower	**Location: Miami- Dade County**
Applicant/Borrower: Blue CASL Dade, LLC	**Set-Asides:** **15% @ 25% AMI (SAIL, ELI & 9% HC)** **85% @ 60% AMI (SAIL & 9% HC)** **4.76% @ 22% AMI (NHTF)**
Developers/Principals: **Blue Sky Developer, LLC/Shawn Wilson,** **CASL Developer, LLC/Julien S. Eller**	**Demographic/Number of Units:** **Homeless/84 units**
Requested Amounts: **$4,600,000 State Apartment Incentive Loan (SAIL)** **$459,600 Extremely Low Income (ELI)** **$1,119,104 Construction Housing Inflation Response Program (CHIRP) Additional Loan Funding** **$1,236,800 National Housing Trust Fund (NHTF)** **$1,522,000 Construction Housing Inflation Response Program (CHIRP) National Housing Trust Fund (NHTF)** **$2,375,000 Housing Credits (9% HC)**	**Development Category/Type:** **New Construction/Mid-Rise**

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

a) On February 2, 2021, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2021-103 for Housing Credit and SAIL financing for Homeless Housing Developments Located in Medium and Large Counties. On April 30, 2021, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On July 1, 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 July 7, 2021, giving them a firm loan commitment issuance deadline of July 7, 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 July 5, 2022 requesting NHTF funds and additional SAIL funds.

c) On June 17, 2022, the Board approved a request from the Borrower for a firm loan commitment issuance deadline extension from July 7, 2022, to January 9, 2023.

d) On October 28, 2022, the Board approved an RFA waiver of Applicant Entity change request and final credit underwriting report and directed staff to proceed with issuance of a firm commitment and closing activities. On November 1, 2022, staff issued a firm commitment to the Applicant giving them a loan closing deadline of March 1, 2023. On March 10, 2023, the Board approved a loan closing deadline extension for the initial funding from March 1, 2023 to May 30, 2023. On June 9, 2023, the Board approved a Rule waiver for an additional loan closing deadline extension for the initial funding from May 30, 2023 to August 28, 2023.

e) On June 15, 2023, staff received a request from the Borrower requesting an additional waiver of the CHIRP deadline to close on the loan and Limited Partnership Agreement ("LPA") from July 21, 2023 to September 8, 2023 (Exhibit C). The development team is working diligently with the City of Miami on the permitting process which may extend past the current loan closing deadline. In an abundance of caution, the Borrower is requesting the extension. Staff has reviewed this request and finds that it meets all other requirements of the RFA and the CHIRP ITP.

f) 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. 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 and LPA closing deadline from April 28, 2023 to June 9, 2023, and subsequently, the Board approved an additional request from June 9, 2023 to July 21, 2023. Therefore, a waiver is required.

2. <u>Recommendation</u>

a) Approve a waiver of the CHIRP ITP to waive the loan closing deadline and LPA closing deadline from July 21, 2023 to September 8, 2023.

MULTIFAMILY PROGRAM

Consent

D. Request Approval of Credit Underwriting Update Letter 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:** **27.90% @ 30% AMI (SAIL, ELI & 4% HC)** **23.56% @ 60% AMI (SAIL & 4% HC)** **48.84% @ 70% AMI (SAIL & 4% HC)** **11.90% @ 22% AMI (NHTF)**
Developers/Principals: **Neighborhood Renaissance, Inc./Terri Murray, Stone Soup Development, Inc./Douglas Mayer**	**Demographic/Number of Units:** **Family/43 units**
Requested Amounts: **$2,940,000 State Apartment Incentive Loan (SAIL)** **$571,300 Extremely Low Income (ELI)** **$1,087,049 Viability Loan** **$1,196,493 National Housing Trust Fund (NHTF)** **$913,162 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 a 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 23, 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 a 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.

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.

g) On July 6, 2023, staff received a credit underwriting update letter with a positive recommendation for Viability Loan funding (Exhibit D). Staff has reviewed this report and finds that the development meets all requirements of the RFA.

2. Recommendation:

a) Approve the credit underwriting update letter and direct staff to proceed with issuance of an updated firm commitment and closing activities.

MULTIFAMILY PROGRAM

Consent

E. Request Approval of Credit Underwriting Report for The Bay House (RFA 2021-105 / 2021-313G)

Development Name: The Bay House	**Location: Bay County**
Applicant/Borrower: St. Andrew Bay Center, Inc. (dba The Arc of the Bay)	**Set-Asides:** **33.3% @ 33% AMI (Grant)** **66.7% @ 60% AMI (Grant)**
Developers/Principals: St. Andrew Bay Center, Inc./Ronald A. Sharpe	**Demographic/Number of Residents: Persons with Developmental Disabilities/6 residents**
Requested Amounts: **$488,150 Grant**	**Development Category/Type:** **New Construction/Community Residential Home (CRH)**

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

a) On March 9, 2021, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2021-105 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Development Disabilities.

b) 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.

c) On June 25, 2021, staff issued a Letter of Preliminary Award and subsequently, on July 19, 2021, an invitation to enter credit underwriting to the Borrower, giving them a firm commitment issuance deadline of July 19, 2022.

d) On May 10, 2022, staff approved a firm commitment deadline extension from July 19, 2022 to January 19, 2023. On January 12, 2023, an additional extension was approved by staff from January 19, 2023 to July 19, 2023.

e) On July 6, 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. <u>Recommendation:</u>

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

MULTIFAMILY PROGRAM

Consent

F. Request Approval of Credit Underwriting Report for Casa di Francesco (RFA 2021-205 / 2022-165SN / 2021-532C & RFA 2023-211 / 2023-245V)

Development Name: Casa di Francesco	Location: Hillsborough County
Applicant/Borrower: Blue St. Francis, Ltd.	Set-Asides: 10% @ 33% AMI (SAIL, ELI & 4% HC) 90% @ 60% AMI (SAIL & 4% HC) 3.57% @ 22% AMI (NHTF)
Developers/Principals: Blue CDF Developer, LLC/Shawn Wilson, CCDOSP Developer, Inc./Edison Bernavas	Demographic/Number of Units: Elderly/140
Requested Amounts: $3,500,000 State Apartment Incentive Loan (SAIL) $600,000 Extremely Low Income (ELI) $4,300,000 Viability Loan $1,090,000 National Housing Trust Fund (NHTF) $1,912,270 Housing Credits (4% HC)	Development Category/Type: New Construction/Mid-Rise (4 stories)

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

a) On August 17, 2021, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2021-205 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 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 3, 2022, giving them a firm loan commitment issuance deadline of March 3, 2023.

d) On March 10, 2023, the Board approved a firm loan commitment issuance deadline extension from March 3, 2023 to September 3, 2023.

e) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

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.

g) On July 6, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit F). 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.

VI. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request Approval of Credit Underwriting Report for Neighborhood Renaissance, Inc., a not-for-profit entity, for Cross Creek Gardens at Quincy (PLP 2022--004P-09).

DEVELOPMENT NAME (“Development”):	Cross Creek Gardens at Quincy
APPLICANT/DEVELOPER (“Developer”):	Neighborhood Renaissance, Inc.
CO-DEVELOPER:	N/A
NUMBER OF UNITS:	36
LOCATION (“County”):	Gadsden County
TYPE:	Family
MINIMUM SET ASIDE:	20% @ 50% AMI
PLP LOAN AMOUNT:	$750,000
ADDITIONAL COMMENTS:	

1. <u>Background:</u>

a) On June 17, 2022, the Board approved a PLP loan in the amount of $500,000 for Cross Creek Gardens at Quincy.

b) On April 28, 2023, the Board approved a revised loan amount of $750,000. This revision was based on the Applicant's request to include the cost of acquisition of the subject property as part of the loan. The inclusion of the acquisition funds requires a review by a credit underwriter.

c) On April 28, 2023, AmeriNat accepted the assignment as the credit underwriter.

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

a) On July 5, 2023, staff received a credit underwriting report (Exhibit A) from AmeriNat recommending a PLP loan amount of $750,000 which includes $300,000 for the acquisition costs for the subject property.

b) Staff and the technical assistance provider have reviewed the credit underwriting report and support the positive recommendation from the credit underwriter.

3. <u>Recommendation:</u>

a) Approve the credit underwriting report for Cross Creek Gardens at Quincy to Neighborhood Renaissance, Inc. for $750,000 and allow staff to commence with the loan closing process.

VII. SPECIAL ASSETS

A. Request Approval of Renegotiation of EHCL Loan Documents for Winter Park Housing Authority for Plymouth Apartments (1999-072S / 2007-001E)

Development Name: **Plymouth ("Development")**	**Location: Orange County**
Developer/Principal: The Housing Authority of Winter Park, Florida Non-Profit Housing, Inc. ("Developer"); Winter Park Housing Authority. ("Borrower")	**Set-Aside: EHCL 20% @ 50% & 80% @ NR AMI;** **LURA: 30 years**
Number of Units: 196	**Allocated Amount: SAIL $597,384**
Allocated Amount: Elderly	**Servicer: Seltzer Management Group Inc.**

1. **Background:**

   a) Florida Housing awarded an Elderly Housing Community Loan ("EHCL") in the amount of $597,384 to Winter Park Housing Authority, a Florida not-for-profit corporation ("Borrower"), for the rehabilitation of mechanical infrastructure for 94 units of a 196-unit development in Orange County. The EHCL loan closed July 10, 2008 and matured July 10, 2023.

2. **Present Situation:**

   a) The Borrower and Florida Housing have agreed to the renegotiation of the $597,384, 1% interest rate, 15 year term EHCL Loan as a hard pay loan with a monthly payment of principal and interest of $6,012.

   b) As part of the renegotiation, the EHCL Loan term will be extended ten (10) years and will bear interest at a 1% interest rate. Current accrued interest to be included in the total loan balance at time of refinancing. The EHCL LURA will also be extended by 10 years.

3. **Recommendation:**

   a) Approve the Renegotiation of the EHCL loan documents and the EHCL LURA subject to the terms outlined above, subject to further negotiations, approvals and verifications by counsel, and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities, as needed.

B. Request Approval for the Partial Release of Land for GM Silver Creek, Ltd for Silver Creek (2017-156C / 2019-429C)

Development Name: Silver Creek	**Location: Miami-Dade**
Developer/Principal: GM Silver Creek Dev, LLC (Developer); GM Silver Creek, Ltd (Owner)	**Set-Aside: 10% @ NR, 17% @ 30%** **17% @ 70%, 17% @ 80%, 40% @ 60%** **EUA: 50 years**
Number of Units: 90	**Allocated Amount: HC $2,050,000**
Demographics: Family	**Servicer: Seltzer Management Group, Inc.**

1. Background:

a) During the 2017 funding cycle, Florida Housing Finance Corporation ("FHFC") awarded an allocation of low-income housing tax credits ("HC) of $2,050,000 to GM Silver Creek, Ltd for the development of a 90-unit Family, high-rise apartment complex in Miami-Dade County.

2. Present Situation:

a) The Owner requests approval for the release of a +/- 1.40-acre parcel of land within the Subject Development for the construction of a new development consisting of more affordable housing units. Owner intends to apply for HC in a Request for Applications ("RFA") in September 2023. The new construction would include a parking garage suitable to service residents of Silver Creek and the new development.

b) The requested parcel is currently used as a parking area for Silver Creek residents. Accommodations for the displaced parking spaces include using an adjacent property belonging to the Owner as a temporary parking area until construction is complete.

c) Staff received a credit underwriting report (Exhibit A) from Seltzer Management Group with a positive recommendation for approval of the release of land from the ELIHA.

3. Recommendation:

a) Approve the partial release of land and the modification of the legal description in the ELIHA, subject to the conditions provided 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.

VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Firm Loan Commitment Issuance Deadline Extension 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:** **20% @ 33% AMI (SAIL & ELI)** **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: **$3,750,000 State Apartment Incentive Loan (SAIL)** **$1,124,691 Viability Loan** **$214,500 Extremely Low Income (ELI)**	**Development Category/Type: New Construction/Garden Apartments**

1. **Background/Present Situation:**

   a) On December 2, 2021, Florida Housing Finance Corporation issued a 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. Per the RFA, Applicants may request one (1) extension of up to 6 months to secure a firm loan commitment.

   d) On May 1, 2023, Florida Housing Finance Corporation issued a 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.

   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 June 16, 2023, staff received a request from the Applicant to extend the firm loan issuance commitment deadline from June 30, 2023, to December 30, 2023 (Exhibit A). The developer had to solicit competitive bids for General Contractors to comply with the requirements for secondary financing from the City of St. Petersburg. The lowest bid came in considerably higher than initially anticipated which caused delays. Therefore, the development is seeking Viability Loan funding under RFA 2023-211 to mitigate the additional construction costs. The extension will allow the development team time to finalize all due diligence and complete credit underwriting. Staff has reviewed this request and finds that it meets all requirements of the RFA.

2. <u>Recommendation:</u>

a) Approve the request for a firm loan commitment issuance deadline extension from June 30, 2023, to December 30, 2023, subject to payment of the required non-refundable extension fee of one percent of the loan amount, pursuant to the requirements of the RFA.

ATLANTIC PACIFIC
COMMUNITIES

June 13, 2023

Tim Kennedy
Florida Housing Finance Corporation
227 North Bronough Street, #5000
Tallahassee, FL 32301

RE: Northside Transit Village III (2020-024BD), RFA 2019-102
Loan Closing Deadline

Dear Mr. Kennedy:

In connection with the above-referenced affordable housing development, we respectfully request a 60-day extension to the loan closing deadline from July 3, 2023 to September 3, 2023. The team is committed to closing this month, however in an abundance of caution, we would like to extend the closing deadline to September 3 to ensure that we do not place Northside Transit Village III's FHFC funding at risk.

In order to close on HUD financing for Northside Transit Village III, we need to bifurcate our existing ground lease, terminate our existing sublease, and then enter into a direct lease with Miami-Dade Department of Transportation and Public Works ("DTPW"). To date we have had multiple meetings with DTPW to address their comments to the ground lease and expect final approval from them on the current form of lease this month.

Should you and or staff have any questions or concerns, please do not hesitate to contact us.

Sincerely,

Liz Wong

Liz Wong
Senior Vice President

cc: Amanda Franklin, Florida Housing Finance Corporation
David Woodward, Florida Housing Finance Corporation
Nicole Gibson, Florida Housing Finance Corporation
Tammy Bearden, Florida Housing Finance Corporation
Rachael Grice, Florida Housing Finance Corporation
Frank Sforza, Seltzer Management Group
Junious D. Brown, III, Nabors Giblin & Nickerson
Greg Griffith, Atlantic Pacific Communities
Fernando Arimon, Atlantic Pacific Communities
Eduardo Valle, Atlantic Pacific Communities

Volunteers of America® | NATIONAL SERVICES

June 22, 2023

Mr. Tim Kennedy
Assistant Director of Multifamily Programs
Florida Housing Finance Corporation
227 S. Bronough Street, Suite 500
Tallahassee, Florida 32301
SENT VIA E-MAIL

RE: Silver Lakes Village Apartments
RFA 2020-101/2021-198E

Dear Mr. Kennedy:

Silver Lakes Village VOA Affordable Housing, LP, an affiliate of Volunteers of America National Services, respectfully requests a 90-day extension for the loan closing for the above referenced project. The project currently has experienced construction cost increases in part due to water infiltration from Hurricane Ian in the Fall of 2022. Subsequent to Hurricane Ian, the owner engaged a contractor, architect and structural engineer to perform several investigative penetrations to the exterior of the building to ascertain a more accurate depiction of the rehabilitation needs, including any remediation measures needed to abate the water infiltration issues. The findings of this investigative study necessitated revisions to the scope of work for the project, and resulted in a material increase to the project's hard cost budget.

Silver Lakes Village is also going through the RAD program for a Section 202 PRAC conversion process with HUD. Now that investigated studies are complete and the RAD rents have been set by HUD, we plan to submit our final RAD Conversion Plan to HUD in August 2023. The 90-day extension will allow us to continue to work through the HUD processes for the construction close.

Thank you for your consideration of our request. If you have any questions, please contact me at (703)341-5081.

Sincerely,

Kimberly Black King
Asst. Treasurer/Asst.
Secretary

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

RECEIVED
MAY 3 2023 4:31 PM
FLORIDA HOUSING FINANCE CORPORATION

In re: Harper's Pointe, L.P.,

FHFC Case No.: 2023-033VW
FHFC File No: 2018-105C

Petitioner.
_________________________________/

PETITION FOR WAIVER OF RULE 67-48.0072(17)(f)2 TO ALLOW MINOR EXCEEDANCE OF GENERAL CONTRACTOR SELF-PERFORMANCE OF WORK

Pursuant to Section 120.542, Fla. Stat., Petitioner, HARPER'S POINTE, L.P., a Florida limited partnership ("Harper's Pointe"), hereby submits this Petition to the Florida Housing Finance Corporation ("FHFC") for a waiver of Rule 67-48.0072 (17)(f)2, Fla. Admin. Code, which limits the amount of work a General Contractor may self-perform on a development to the lessor of $350,000 or 5 percent of the construction contract, which ever is less. The General Contractor for Harper's Pointe self-performed work in the amount of $359,410, or $9,140 over the limit. Construction of the Development has been completed, and it was placed in service in March 2021. A waiver is needed in order for Form 8609s to issue for the two buildings.

In support of this petition, Petitioner states as follows:

NATURE OF REQUEST

1. Pursuant to Section 120.542, Fla. Stat. (2017), and Rules 28-104.001 through 28-104.006, Fla. Admin. Code, Petitioner requests a waiver of Rule 67-48.0072 (17)(f)2, Fla. Admin. Code, which limits the amount of construction work a General Contractor may self-perform. That rule allows a General Contract to self-perform work up to a maximum of $350,000 or 5 percent of the construction contract, whichever is less. Petitioner requests that the limit for self-performance of construction work by the General Contractor be increased to $360,000 (less than a 3 percent increase over the limit in the rule), to accommodate the $359,410 amount that Petitioner's General Contractor self-performed.

THE PETITIONER

3. As explained in this Petition, Petitioner was the recipient of Housing Credits from FHFC for a 66 unit elderly development in Alachua County in RFA 2017-111, Housing Credit Financing for Affordable Housing Developments in Medium and Small Counties. For purposes of this petition, Petitioner's address is that of its undersigned attorney, M. Christopher Bryant, Oertel, Fernandez, Bryant & Atkinson, P.A., 2060 Delta Way, Tallahassee, Florida 32303 (telephone (850) 521-0700, fax (850) 521-0720, E-mail: cbryant@ohfc.com)

FUNDING AWARDED

4. Through Request for Applications (RFA) number 2017-111, FHFC sought to allocate federal low-income housing tax credits ("Housing Credits") to applicants for the development of affordable housing in the Medium and Small counties. Florida Housing received 167 applications in response to RFA 2017-111, nine (9) of which were selected for funding, including Harper's Pointe. Awards of Housing Credit funding are subject to FHFC Rule Chapter 67-48, Fla. Admin. Code.

5. Harper's Pointe applied in RFA 2017-111 for an award of Housing Credits for the construction of a 66 unit development for elderly tenants in Alachua County. Its application was assigned Application No. 2018-105C. Harper's Pointe was preliminarily selected to receive an annual award of Housing Credits in the amount of $1.015 million. The selection of Harper's Pointe, and of other applicants in RFA 2017-111, was challenged through the protest process. The award to Harper's Pointe was ultimately upheld by final order entered by Florida Housing in September 2018, and Harper's Pointe was invited to Credit Underwriting at that time.

6. For purposes of Section 42 of the Internal Revenue Code, Harper's Pointe proposed to set aside 40% of the units for residents earning 60% or less of Area Median Income. In the

Total Set-Aside Breakdown Chart included in the Harper's Pointe application, Harper's Pointe committed to set aside 10% of the units for tenants at or below 33% of AMI (the Extremely Low Income level for Alachua County in RFA 2017-111) and the remaining 90% of the units for tenants at or below 60% of AMI.

PRINCIPALS INVOLVED

7. The Applicant entity is Harper's Pointe, L.P., a Florida limited partnership. The General Partner of the Applicant is JES Partnership-Harper's Pointe, L.L.C., a Florida Limited Liability Company, whose managing member is JES Florida Partnerships Member, L.L.C. The Principal of that entity is a natural person, Jeffrey Walker Smith. The 99.99% Investor Limited Partner is Tax Credit Holdings – Harper's Pointe, LLC, an Affiliate of Affordable Equity Partners, Inc.

8. The Developer Entity for Harper's Pointe is JES Dev Co, Inc., a Missouri Corporation, whose officers and directors are Jeffrey W. Smith and William A. Markel. The sole shareholder of JES Dev. Co., Inc., is a Trust (Peach Way Development Trust), whose beneficiary is Jeffrey Walker Smith and whose Trustee at the time of Application was Richard Otto Maly. The Trustee was subsequently changed to Carleen Schreder in the course of routine estate planning activities, and a separate request for approval of the trustee change pursuant to Rule 67-48.004(3)(b) will be promptly submitted.

PROGRESS OF THE DEVELOPMENT

9. Harper's Pointe was invited into credit underwriting in September 2018. It successfully completed credit underwriting in January 2020. Construction commenced in September 2019. Construction was completed and final certificates of occupancy were issued in March 2021. The two buildings that make up Harper's Pointe were placed in service in March

2021.

10. A significant portion of the construction activity on Harper's Pointe was performed during the height of the COVID pandemic. As with many developments, social distancing and additional health and safety precautions resulting from the pandemic threatened to delay construction and the timely completion of the development. In order to avoid such delays, and delay the limited availability of subcontractors and their employees as construction commenced and progressed, the General Contractor performed some work that might otherwise have been assigned to a subcontractor, such as rough carpentry.

11. The total amount of construction work performed by the General Contractor was $359,410. This represents approximately 4.14% of the final construction contract price of $8,685,253.

12. Form 8609s have not been issued yet for the Harper's Pointe development due to the General Contractor's self-performed work very slightly exceeding Florida Housing's definition of a "de minimis" amount to be $350,000.

RULE PROVISIONS

13. The portion of Rule Chapter 67-48, Fla. Admin. Code, of relevance to this request is Rule 67-48.0072, Fla. Admin. Code. Credit Underwriting and Loan Procedures. Paragraphs (17)(f) of Rule 67-48.0072 reads, in pertinent part:

> (17) The General Contractor must meet the following conditions:
>
> (f) 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.

This rule provision, allowing the General Contractor to self-perform a de minimis amount of work, and defining the monetary limit on such de minimis work, was added to Rule 67-48.0072(17)(f) effective July 6, 2022, and was expressly made retroactive to applications then in credit underwriting.

JUSTIFICATION FOR REQUESTED WAIVER

14. Florida Housing's rule 67-48.0072(17)(f) acknowledges and accepts that the self-performance of some work by a General Contractor is permissible and has set a limit on such self-performed work at $350,000, or 5% of the construction contract, whichever is less. (The construction contract was for $8,685,253, and 5% of that figure is slightly over $434,000, so the $350,000 limit applies.) The work performed by Harper's Pointe's General Contractor was $359,410, or $9,410 over the allowable amount.

15. The $359,410 in self-performed work did not include any profit or overhead for the General Contractor. The total General Contractor Fee on this Development was $470,455, which is less than 5.8% of Total Actual Construction Costs – far below the 14% allowed by the rule. The General Contractor fee included only $57,289 in Contractor Profit, or 0.7% of Total Actual Construction Costs.

16. During the construction of Harper's Pointe, a subcontractor retained for framing and exterior siding installation failed to meet the Developer's and the General Contractor's needs for scheduling and quality of work. Some of the subcontractor's work had difficulty passing inspections by the City of Gainesville. Since a portion of the work involved framing, timely performance of this work is essential to allow other subcontractors and laborers to begin their work.

17. In order to keep the development on schedule, the General Contractor had to self-perform the necessary work to bring the project into compliance while seeking out another subcontractor who eventually completed the project. The self-performance of work did not increase the General Contractor's contract price, and did not result in any increased General Contractor fees or General Contractor profit. Had this construction been ongoing during normal times, unaffected by the constraints that COVID placed on virtually all aspects of life, including construction, most or all of this work would have been performed by a subsequent subcontractor who could have been more quickly mobilized for that purpose.

18. This rule waiver will not result in delays to the construction or completion of the housing. The construction was completed two years ago, and the Development is fully leased up. The rule waiver is necessary simply to allow issuance of Form 8609s so the limited partner can receive the benefit of its investment in the Development of this affordable housing.

RELIEF REQUESTED

19. Harper's Pointe seeks to have the dollar value limitation on construction work self-performed by the general contractor increased from $350,000 to $360,000, an increase of less than 3%.

20. Granting the requested waiver would not adversely affect any required set-asides or points considered by Florida Housing in the scoring of the Harper's Pointe application, and would not alter the scoring by Florida Housing that qualified Harper's Pointe for Housing Credit financing. The change would also not provide Harper's Pointe with an unfair competitive advantage over other applicants. All scoring would have been the same.

21. The requested Rule waivers or variances will not adversely impact the Harper's Pointe development or the Florida Housing funding processes, and will serve the statutory

purposes of the Florida Housing process. A denial of this Petition, however, to refuse issuance of the Form 8609s would result in substantial economic hardship to Harper's Pointe, and could result in Harper's Pointe investor limited partner seeking to withdraw from the partnership and recapture its investment.

<u>STATUTORY PURPOSE SERVED</u>

22. Section 420.5099, Fla. Stat., designates Florida Housing as the housing credit agency, pursuant to the Internal Revenue Code, and assigns Florida Housing the responsibility to allocate and distribute low-income housing tax credits. The statute also instructs Florida Housing to adopt procedures to ensure the maximum use of housing credits to encourage the development of low-income housing.

23. Florida Housing recognizes that on occasion General Contractors may need to self-perform "de minimis" levels of construction work in order for developments to stay on schedule. Florida Housing's statutory purpose of financing the development of affordable housing for low income and very low income persons, in a timely manner and within budget, will still be served by approving after the fact a very minor exceedance of the $350,000 limit on self-performed work of the General Contractor.

<u>SUBSTANTIAL HARDSHIP AND PRINCIPLES OF FAIRNESS</u>

24. Harper's Pointe would suffer substantial economic hardship if the requested waiver is not granted so that Form 8609s can issue. Harper's Pointe investor limited partner joined the partnership, and provided substantial financing for construction, in order to receive the benefit of the low income housing tax credits. If Form 8609s are not issued, the investor partner could seek to find the general partner in material default of the Limited Partnership Agreement and seek to recover its investment.

25. The waiver being sought is permanent in nature.

WHEREFORE, Petitioner Harper's Pointe respectfully requests that the Florida Housing Finance Corporation provide the following relief:

A. Grant the Petition for Waiver and all the relief requested herein;

B. Grant a waiver of the provisions of Rule 67-48.0072(17)(f)2 to authorize the self-performance of work by the General Contractor of Harper's Pointe in an amount up to $360,000; and

C. Grant such further relief as may be deemed appropriate.

RESPECTFULLY SUBMITTED this 3rd day of May, 2023.

/s/ M. Christopher Bryant
M. Christopher Bryant
Florida Bar No. 434450
OERTEL, FERNANDEZ,
BRYANT & ATKINSON, P.A.
2060 Delta Way
Tallahassee, Florida 32303
Telephone: (850) 521-0700
Facsimile: (850) 521-0720
cbryant@ohfc.com
Secondary: bpetty@ohfc.com

Counsel for Harper's Pointe, L.P.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Petition for Waiver is being filed by electronic filing with the Corporation Clerk for the Florida Housing Finance Corporation, 227 North Bronough Street, Fifth Floor, Tallahassee, Florida 32301, CorporationClerk@floridahousing.org, with copies served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, and by electronic transmission to Betty Zachem, Interim General Counsel, Florida Housing Finance Corporation, 227 North Bronough Street, Fifth Floor, Tallahassee, Florida 32301, betty.zachem@floridahousing.org, this 3rd day of May, 2023.

/s/ M. Christopher Bryant
ATTORNEY

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

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FLORIDA HOUSING
FINANCE CORPORATION

WRDG T3B, LP, a Florida
limited partnership,

Petitioner,

FHFC CASE NO. 2023-053VW
Application No. 2019-116C

v.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________/

PETITION FOR WAIVER OF RULE 67-48.0072(17)(h) (7/8/2018)

Pursuant to Section 120.542, Florida Statutes, and Rule 28-104.002, Florida Administrative Code, Petitioner WRDG T3B, LP, (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing") for a waiver of the requirement in Rule 67-48.0072(17)(h), Florida Administrative Code ("F.A.C.") (the "Rule") that a general contractor may not subcontract to an entity that has common ownership or is an Affiliate of the General Contractor. Petitioner recently learned that two subcontractors are affiliated with the General Contractor ("GC"). The subcontracts comprise approximately 2.27% of the total actual costs of the GC's construction contract (1.65% of the total development cost). For the reasons set forth in paragraph 11 below, the GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost. In support, Petitioner states as follows:

A. THE PETITIONER

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

WRDG T3B, LP , a Florida limited partnership
c/o Jerome Ryans
5301 W. Cypress St.
Tampa, FL 33607
Telephone: (813) 341-9101
Fax: (813) 367-0784
Email: JeromeR@thafl.com

2. The address, telephone and facsimile number and e-mail address of Petitioner's counsel is:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 E College Ave.
Suite 700
Tallahassee, Florida 32301
Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. THE DEVELOPMENT

3. The following information pertains to the development ("Development"):

- Development Name: Boulevard Tower 3
- Address: 1305 W. Main St. Tampa, FL. 33607
- Developer: WRDG T3B Developer, LLC
- County of Development: Hillsborough
- Number of Units: 133
- Type: High Rise (new construction)
- Demographics: Family
- Set Asides: 15.0% of the units (*i.e.*, 20 units) at or below 30% AMI, 42.9% (*i.e.*, 57 units) at or below 60% AMI, 22.6% of the units (*i.e.*, 30 units) at or below 80% AMI, and 19.5% of the units (*i.e.*, 26 units) at or below 140% AMI
- Funding Amounts: $2,375,000 9% housing credit (annual)

C. THE RULE FROM WHICH WAIVER IS REQUESTED

4. Petitioner requests a waiver of Rule 67-48.0072(17)(h), F.A.C. (7/8/2018), which provides:

> The General Contractor must meet the following conditions: . . . Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

D. STATUTES IMPLEMENTED BY THE RULE

5. The Rule implements, among other sections of the Florida Housing Finance Corporation Act (the "Act"), the statutes relating to the State Apartment Incentive Loan Program contained in Section 420.5087 of the Florida Statutes, the HOME Investment Partnership Program and HOME Investment Partnership Fund, contained in Section 420.5089 of the Florida Statutes, and the allocation of the Low-Income Housing Tax Credits contained in Section 420.5099 of the Florida Statutes. *See* §§ 420.5087, 420.5089, and 420.5099, Fla. Stat. (the "Statutes").

E. JUSTIFICATION FOR GRANTING WAIVER

6. Petitioner timely submitted Application No. 2019-116C on November 13, 2018 in response to RFA 2018-112 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties (the "RFA").

7. The Development was invited to credit underwriting on March 8, 2019.

8. After completing construction, Petitioner learned that two subcontractors (FUSE Equipment, LLC and Fuse Builds, LLC) have common principals with the General Contractor and meet the definition of an "Affiliate" under Rule 67-48.002(5), F.A.C.

9. Accordingly, Petitioner is in need of a Rule waiver.

10. The affiliated subcontractors performed rough carpentry work equating to approximately 2.27% of the total actual costs of the GC's $30,670,778 construction costs (1.65% of the $42,213,983 total development cost). FUSE Equipment, LLC's work totaled $42,436 and FUSE Builds, LLC's totaled $653,461 (collectively "FUSE"). Specifically, FUSE performed rough carpentry work such as installing temporary doors, as well as temporary wooden handrails that were removed once the permanent aluminum balcony rails were installed. FUSE also installed the backing and blocking throughout the project, which is used within the walls for cabinetry, grab rails, closet shelving, IT equipment racks, and bathroom accessories (*e.g.*, toilet paper holders, towel bars, shelving, and mirrors).

11. When asked why the GC utilized affiliated subcontractors, the GC explained that, at that time, Tampa had a "very challenging labor market" in that many firms were unable to staff the requisite skillsets. FUSE provided the Development's requested local outreach, used to attract and hire local, skilled labor. As a Davis-Bacon Act project, the Development was subject to additional requirements (*see, e.g.*, 40 U.S.C. § 3142), and FUSE had the credentials necessary to hire, document, and pay in accordance with the Act. The GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost.[1]

12. Under Section 120.542(1), Fla. Stat., 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 rules demonstrates that the

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[1] The GC assured Petitioner that the bid was awarded to the lowest qualified bidder. However, due to the passage of time, the GC is unable to now locate those alternative bids.

application of the rules would: (1) create a substantial hardship or, violate principles of fairness,[2] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

13. In this instance, Petitioner meets the standards for a waiver of the Rules. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that 133 affordable housing units will remain available for the target population in Hillsborough County, Florida. The strict application of the Rule will create substantial hardship for Petitioner because failure to satisfy the technical requirements of the Rule would result in rescission of allocation of housing credits awarded to the Development. If the requested waiver is denied, Petitioner would have to tear out the work completed by the affiliated subcontractor. Avoiding this unnecessary cost would ensure the costs for the Development are as low as possible. The waiver will therefore serve the purposes of the Statutes and the Act, because one of the Act's primary purposes is to facilitate the availability of decent, safe and sanitary low-cost housing in the State.

14. By granting this waiver, Florida Housing would recognize the goal of increasing the supply of affordable housing to persons of low-income, and recognizing the economic realities and principles of fundamental fairness in developing affordable rental housing. *See* § 420.5099(2), Fla. Stat.

F. <u>WAIVER IS PERMANENT</u>

15. The waiver being sought is permanent in nature.

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[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 significantly different from the way it affects other similarly situated persons who are subject to the rule. *See* § 120.542(2), Fla. Stat.

G. ACTION REQUESTED

16. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested waiver of the Rule and allow the General Contractor to subcontract to two affiliates; (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By:__ *Brian J. McDonough* ____________
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

The Petition For Rule Waiver is being served by electronic transmission for filing with the Florida Housing Clerk for the Florida Housing Finance Corporation via CorporationClerk@floridahousing.org, with copies served U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 26th day of June, 2023.

By:__ *Brian J. McDonough* ____________
BRIAN J. MCDONOUGH, ESQ.

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FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

Melissa Grove, Ltd.,
a Florida limited partnership,

Petitioner,

FHFC CASE NO. 2023-049VW
Application No. 2022-252C

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________/

**PETITION FOR WAIVER OF RULE 67-48.002(96), F.A.C. (5/18/21)
AND THE 2021 QAP**

Melissa Grove, Ltd. (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing"), for a waiver of the provisions of the 2021 Qualified Allocation Plan ("2021 QAP") as incorporated and adopted by Rule 67-48.002(96), Florida Administrative Code ("F.A.C.") (5/18/21), such that Petitioner may return its 2022 Housing Credit Allocation now as opposed to waiting until after the end of the second calendar quarter of 2024. Due to forces outside of Petitioner's control, namely an inability to shorten – much less predict the length of – the timeline for issuance of its requested building permit, St. Johns River Water Management District permit, and/or U.S. Army Corps of Engineers permit, Petitioner is uncertain whether Petitioner will receive the requested permits with sufficient time to allow Petitioner to incur the costs necessary to meet the 10% test by the August 11, 2023 deadline.[1] Thus, in an abundance of caution, and an effort to remain at all times

[1] The original deadline of February 28, 2023, was extended to August 11, 2023. Based on Petitioner's analysis, it would not be cost effective to purchase the amount of materials sufficient to satisfy the 10% test prior to construction. For example, Petitioner's accountant advised that, for purchased materials to be eligible, Petitioner must take ownership of the materials, which would require Petitioner to store them in a warehouse, and to insure them, thereby causing Petitioner to incur unnecessary additional costs.

in compliance with Florida Housing's requirements, Petitioner respectfully requests a Rule waiver.[2] In support, Petitioner states as follows:

A. <u>THE PETITIONER</u>

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

Melissa Grove, Ltd.
Attn: James R. Hoover
3030 Hartley Road, Suite 310
Jacksonville, FL 32257
Phone: 904-260-3030
Fax: N/A
E-mail: rhoover@vestcor.com

2. The address, telephone and facsimile number and e-mail address of Petitioner's counsel is:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 East College Avenue, Suite 700
Tallahassee, FL 32301
Telephone: 850-329-4852
Fax: 850-329-4844
Email: BSmitha@stearnsweaver.com

B. <u>DEVELOPMENT BACKGROUND</u>

3. The following information pertains to the development underlying Petitioner's application:

- Development Name: Melissa Grove

[2] In the event Petitioner is able to obtain the requested permits prior to July 20, 2023, Petitioner is poised to begin construction and incur sufficient costs to meet the 10% test by the deadline. However, because Petitioner has no control over when those permits will be issued, nor can it predict when those permits will be issued, the uncertainty forces Petitioner to request this waiver in an abundance of caution.

- Development Address: Lane Ave. S., NW of intersection of Lane Ave. S. and Lenox Ave.
- County: Duval
- Developer: TVC Development, Inc.
- Number of Units: 90 new construction
- Type: Garden Apartments
- Set Asides: 10% at or below 33% AMI; 90% at or below 60% AMI
- Demographics: Elderly, Non-ALF
- Funding: 9% HC request of $1,868,000 annually

C. <u>WAIVER IS PERMANENT</u>

4. The waiver being sought is permanent in nature.

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

5. Petitioner requests a waiver of Rule 67-48.002(96), effective May 18, 2021, which provides in pertinent part:

> "QAP" or "Qualified Allocation Plan" means, with respect to the HC Program, the 2021 Qualified Allocation Plan which is adopted and incorporated herein by reference, effective upon approval by the Governor of the State of Florida, pursuant to Section 42(m)(1)(B) of the IRC and sets forth the selection criteria and the preferences of the Corporation for Developments which will receive Housing Credits. The QAP is available on the Corporation's website under the Multifamily Programs link or by contacting the Housing Credit Program at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, or from http://www.flrules.org/Gateway/reference.asp?No=Ref-13097.

6. Subsection II.J. of the 2021 QAP, provides as follows:

> 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.

E. STATUTES IMPLEMENTED BY THE RULE AND THE 2021 QAP.

7. The Rule implements Section 420.5087 (State Apartment Incentive Loan Program), Section 420.5089 (HOME Investment Partnership Program; HOME Investment Partnership Fund), and Section 420.5099 (creating the Housing Credits Program) of the Florida Housing Finance Corporation Act (the "Act").[3] The Act designates Florida Housing as the State of Florida's housing credit agency within the meaning of Section 42(h)(8)(A) of the Internal Revenue Code of 1986. As the designated agency, Florida Housing is responsible for and is authorized to establish procedures for the allocation and distribution of low-income housing tax credits ("Allocation Procedures"). *See* § 420.5099(1) and (2), Fla. Stat. Accordingly, the, Rule implements, among other sections of the Act, the statutory authorization for Florida Housing's establishment of Allocation Procedures for the HC Program. *Id.*

[3] The Act is set forth in Sections 420.50 through 420.55 of the Florida Statutes.

F. JUSTIFICATION FOR GRANTING WAIVER OF THE RULE.

8. Petitioner timely submitted Application No. 2022-252C on February 2, 2022 in response to RFA 2022-301 Housing Credit Financing For Affordable Housing Developments Located In Duval County (the "RFA").

9. The Development was selected for funding on or about April 29, 2022.

10. The Development received an allocation of the 2022 Housing Credit dollar amount meeting the requirements of Section 42(h)(1)(E) and (F) of the Internal Revenue Code of 1986 as amended ("Tax Credits") and was invited to credit underwriting.

11. Florida Housing staff executed a 2022 Carryover Allocation Agreement ("CAA") on or about August 11, 2022 for the allocation of its Tax Credits. The CAA required Petitioner to incur at least ten percent of the reasonably expected basis of the Development (the "10% Test") on or before February 28, 2023 (the "CAA Deadline"). Upon Petitioner's request, the CAA Deadline was subsequently extended to August 11, 2023.

12. Failure to comply with the CAA Deadline will cause the Housing Credits allocated within the CAA to be deemed returned to Florida Housing under 26 U.S.C. § 42(h)(3)(C).

13. Pursuant to 26 U.S.C. § 42(h)(1)(E)(i), the Development must be placed in service no later than the close of the second calendar year following the calendar year in which the allocation is made; in this case, the federally-mandated placed-in-service date would be December 31, 2024.

14. After being selected for funding and invited to credit underwriting, Petitioner took all steps within its power to move the Development forward. Petitioner began predevelopment activities immediately upon the Board's resolution of litigation surrounding the RFA at the April

29, 2022 Board Meeting. Since that time, Petitioner has been engaged in the pursuit of all necessary development approvals; specifically:

- Petitioner applied for construction plan approval from the City of Jacksonville.
- Petitioner's building permit application was submitted to the City of Jacksonville on February 28, 2023.
- Petitioner's permit application was submitted to the St. Johns River Water Management District ("SJRWMD") on December 19, 2022
- Petitioner's permit application was submitted to the Army Corp of Engineer ("ACOE") on January 5, 2023.

Petitioner has invested more than $530,000 to date in efforts to progress the Development, and has received construction plan approval from the City of Jacksonville. However, Petitioner cannot commence construction until the requested permits are issued, and the entities from whom those permits were requested cannot provide a date certain for their issuance. Petitioner is therefore uncertain if it will be able to obtain the building permit, SJRWMD permit, and ACOE permit in sufficient time to allow Petitioner to incur the costs necessary to meet the 10% Test by the CAA Deadline.

15. Because Petitioner believes that circumstances outside of its control will prevent it from satisfying the 10% Test by the CAA Deadline, Petitioner respectfully requests a waiver of the 2021 QAP to permit Florida Housing to approve the tax credit exchange now as opposed to waiting until after the end of the second calendar quarter of 2024.

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

17. If the Petition is denied, and Petitioner loses the allocated Housing Credits as a result of insufficient time to satisfy the 10% Test, Petitioner will be forced to abandon the Development. Stated differently, losing this funding source will cause Duval County to lose the Development's 90 affordable housing units.

18. This Petition should be granted, as opposed to de-obligating the award, because Duval County is currently experiencing a shortage of affordable elderly (non-ALF) housing units. Granting the Petition will result in the delivery of 90 new affordable housing units much faster than would reallocating the funding to a new development.

19. Under Section 120.542(1), *Fla. Stat.,* 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 principles of fairness,[4] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. *See* § 120.542(2), Fla. Stat.

20. Strict adherence to Subsection II.J. of the QAP would violate principles of fairness, as Florida Housing has granted waivers to other Developments similarly facing unforeseen delays beyond their control (*e.g.,* Arbor Village- granted credit swap in November 2019; Georgian Gardens- granted credit swap in November 2019; Luna Trails- granted credit

[4] "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. *See* § 120.542(2), Fla. Stat.

swap in 2019; Northside Transit Village- granted credit swap in November 2019; Residences at Dr. King Boulevard, Ltd.- granted credit swap in 2019).[5]

21. In this instance, Petitioner meets the standards for a waiver of the Rule and the 2021 QAP. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that 90 affordable housing units will be made available for the target population in Duval County, Florida. The strict application of the 2021 QAP would prevent Petitioner from completing the swap now and will create a substantial hardship for Petitioner because it likely cannot – due to no fault of its own – meet the 10% Test by the CAA deadline. 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, and further ensuring the development of 90 affordable housing units in Duval County, Florida Housing would 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* § 420.5099(2), Fla. Stat.

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

23. The requested waiver should be granted because, as demonstrated above, the delay was caused by circumstances beyond Petitioner's control, due diligence was employed in

[5] The reasons that precipitated the credit swaps include, but are not limited to: need for off-site improvements, which required negotiation with neighboring property owners; revision to construction plans due to increased construction costs, which required the securing of additional funds; redesign requirements due to a fire code violation in the design of a staircase; post-Hurricane clean up; and title issues, which only became known after the design process.

an attempt to resolve those circumstances, the Development in all respects, except timing, still meets the conditions upon which the Housing Credits were originally allocated, and the Development is still desirable in terms of meeting affordable housing needs.

24. Should Florida Housing require additional information, Petitioner is available to answer questions and to provide all information necessary for consideration of this Petition.

G. ACTION REQUESTED

25. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested waiver to permit the requested credit exchange, immediate return of Petitioner's 2022 Housing Credit Allocation, and an immediate allocation of new Housing Credits; (ii) grant a corresponding extension of deadlines relative to those credits; (iii) grant this Petition and all of the relief requested herein; and (iv) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By: */s/ Brian J. McDonough*
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

This Petition is being served by electronic transmission for filing with the Clerk for the Florida Housing Finance Corporation, CorporationClerk@FloridaHousing.org, with a copy served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 23rd day of June, 2023.

By: *__/s/ Brian J. McDonough__*
Brian J. McDonough, Esq.

RECEIVED

JUN 26 2023 3:04 PM

FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

WRDG T3C, LP, a Florida
limited partnership,

Petitioner,

FHFC CASE NO. 2023-052VW
Application No. 2019-019BS/2018-529C

v.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________/

PETITION FOR WAIVER OF RULES 67-48.0072(17)(h), 67-21.014(2)(r)(8) and 67-21.026(13)(g), F.A.C. (7/8/2018)

Pursuant to Section 120.542, Florida Statutes, and Rule 28-104.002, Florida Administrative Code ("F.A.C."), Petitioner WRDG T3C, LP, (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing") for a waiver of the requirement in Rules 67-48.0072(17)(h), 67-21.014(2)(r)(8), and 67-21.026(13)(g), F.A.C., (the "Rules") that a general contractor may not subcontract to an entity that has common ownership or is an Affiliate of the General Contractor. Petitioner recently learned that two subcontractors are affiliated with the General Contractor ("GC"). The subcontracts comprise approximately 1.84% of the total actual costs of the GC's construction contract (1.23% of the total development cost). For the reasons set forth in paragraph 11 below, the GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost. In support, Petitioner states as follows:

A. THE PETITIONER

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

WRDG T3C, LP, a Florida limited partnership
c/o Jerome Ryans
5301 W. Cypress St.
Tampa, FL 33607
Telephone: (813) 341-9101
Fax: (813) 367-0784
Email: JeromeR@thafl.com

2. The address, telephone and facsimile number and e-mail address of Petitioner's counsel is:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 E College Ave.
Suite 700
Tallahassee, Florida 32301
Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. THE DEVELOPMENT

3. The following information pertains to the development ("Development"):

- Development Name: Boulevard Tower 2
- Address: 1350 W. Chestnut St., Tampa, FL 33607[1]
- Developer: WRDG T3C Developer, LLC
- County of Development: Hillsborough
- Number of Units: 119
- Type: High Rise (new construction)
- Demographics: Family

[1] At the time of the cost certification, the Development's address was 1809 N Oregon Avenue, Tampa, FL 33607. However, the City of Tampa officially changed the address to 1350 W. Chestnut St., Tampa, FL 33607.

- HC/SAIL Set-Asides: 36.98% of the units (*i.e.*, 44 units) at or below 30% AMI; 9.24% (*i.e.*, 11 units) at or below 60% AMI and 53.78% of the units (*i.e.*, 64 units) at or below 80%. Bond Set-Asides: 40% at or below 60% AMI

- Funding Amounts: $1,506,362 4% housing credit (annual); $4,720,000 SAIL; while the original bond amount was $25.5 million, at conversion in January, the bonds were paid down to $15.145 million.

C. THE RULES FROM WHICH WAIVER IS REQUESTED

4. Petitioner requests a waiver of Rule 67-48.0072(17)(h), F.A.C. (7/8/2018), which provides:

> The General Contractor must meet the following conditions: . . . Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

5. Petitioner also seeks a waiver of Rule 67-21.014(2)(r)(8), F.A.C. (7/8/2018), which provides:

> (r) General Contractor's fees are inclusive of general requirements, profit and overhead and shall be limited to 14 percent of actual construction costs. For the purpose of the HUD Risk Sharing Program, if there exists an Identity of Interest as defined herein between the Applicant or Developer and the General Contractor, the allowable fees shall in no case exceed the amount allowable pursuant to the HUD subsidy layering review requirements. Additionally, fees shall be allowed to be paid only to the person or entity that actually meets the definitional requirements to be considered a General Contractor. The Corporation shall not allow fees for duplicative services or duplicative overhead. The General Contractor must meet the following conditions:
>
> ***
>
> 8. Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-21.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

6. Petitioner similarly seeks a waiver of Rule 67-21.026(13)(g), F.A.C. 7/8/2018), which provides:

> The General Contractor must meet the following conditions:
>
> ***
>
> (g) Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of with the General Contractor or the

Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-21.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

D. STATUTES IMPLEMENTED BY THE RULES

7. The Rules implement, among other sections of the Florida Housing Finance Corporation Act (the "Act"), the statutes relating to the Powers of the corporation, contained in Section 420.507 of the Florida Statutes, multifamily and single-family projects, contained in Section 420.508 of the Florida Statutes, the State Apartment Incentive Loan Program contained in Section 420.5087 of the Florida Statutes, the HOME Investment Partnership Program and HOME Investment Partnership Fund, contained in Section 420.5089 of the Florida Statutes, and the allocation of the Low-Income Housing Tax Credits contained in Section 420.5099 of the Florida Statutes. *See* §§ 420.507, 420.508, 420.5087, 420.5089, and 420.5099, Fla. Stat. (the "Statutes").

E. JUSTIFICATION FOR GRANTING WAIVER

8. Petitioner timely submitted Application No. 2019-019BS/2018-529Con November 5, 2018 in response to RFA 2018-114 SAIL Financing for the Construction of Workforce Housing (the "RFA").

9. The Development was invited to credit underwriting.

10. After completing construction, Petitioner learned that two subcontractors (FUSE Equipment, LLC and Fuse Builds, LLC) have common principals with the General Contractor and meet the definition of an "Affiliate" under Rules 67-48.002(5) and 67-21.002(5), F.A.C.

11. Accordingly, Petitioner is in need of a waiver of the Rules.

12. The affiliated subcontractors performed rough carpentry work equating to approximately 1.84% of the total actual costs of the GC's $27,815,011 construction costs (1.23% of the $41,880,566 total development cost). FUSE Equipment, LLC's work totaled $41,375 and

FUSE Builds, LLC's totaled $471,695 (collectively "FUSE"). Specifically, FUSE performed rough carpentry work such as installing temporary doors, as well as temporary wooden handrails that were removed once the permanent aluminum balcony rails were installed. FUSE also installed the backing and blocking throughout the project, which is used within the walls for cabinetry, grab rails, closet shelving, IT equipment racks, and bathroom accessories (*e.g.*, toilet paper holders, towel bars, shelving, and mirrors).

13. When asked why the GC utilized affiliated subcontractors, the GC explained that, at that time, Tampa had a "very challenging labor market" in that many firms were unable to staff the requisite skillsets. FUSE provided the Development's requested local outreach, used to attract and hire local, skilled labor. As a Davis-Bacon Act project, the Development was subject to additional requirements (*see, e.g.*, 40 U.S.C. § 3142), and FUSE had the credentials necessary to hire, document, and pay in accordance with the Act. The GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost.[2]

14. Under Section 120.542(1), Fla. Stat., 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 rules demonstrates that the application of the rules would: (1) create a substantial hardship or, violate principles of fairness,[3]

[2] The GC assured Petitioner that the bid was awarded to the lowest qualified bidder. However, due to the passage of time, the GC is unable to now locate those alternative bids.

[3] "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. *See* § 120.542(2), Fla. Stat.

and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

15. In this instance, Petitioner meets the standards for a waiver of the Rules. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that 119 affordable housing units will remain available for the target population in Hillsborough County, Florida. The strict application of the Rules will create substantial hardship for Petitioner because failure to satisfy the technical requirements of the Rules would result in rescission of allocation of housing credits awarded to the Development. If the requested waiver is denied, Petitioner would have to tear out the work completed by the affiliated subcontractor. Avoiding this unnecessary cost would ensure the costs for the Development are as low as possible. The waiver will therefore serve the purposes of the Statutes and the Act, because one of the Act's primary purposes is to facilitate the availability of decent, safe and sanitary low-cost housing in the State.

16. By granting this waiver, Florida Housing would recognize the goal of increasing the supply of affordable housing to persons of low-income, and recognizing the economic realities and principles of fundamental fairness in developing affordable rental housing. *See* § 420.5099(2), Fla. Stat.

F. <u>WAIVER IS PERMANENT</u>

17. The waiver being sought is permanent in nature.

G. ACTION REQUESTED

18. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested waiver of the Rules and allow the General Contractor to subcontract to two affiliates; (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By:__ *Brian J. McDonough* ____________
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

The Petition For Rule Waiver is being served by electronic transmission for filing with the Florida Housing Clerk for the Florida Housing Finance Corporation via CorporationClerk@floridahousing.org, with copies served U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 26th day of June, 2023.

By:__ *Brian J. McDonough* ____________
BRIAN J. MCDONOUGH, ESQ.

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JUN 21 2023 2:42 PM

FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

WRDG T3A, LP, a Florida
limited partnership,

Petitioner,

FHFC CASE NO. 2023-046VW
Application No. 2018-283C/2019-424C

v.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_________________________________/

PETITION FOR WAIVER OF RULE 67-48.0072(17)(h) (5/24/2017)

Pursuant to Section 120.542, Florida Statutes, and Rule 28-104.002, Florida Administrative Code, Petitioner WRDG T3A, LP, (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing") for a waiver of the requirement in Rule 67-48.0072(17)(h), Florida Administrative Code ("F.A.C.") (the "Rule") that a general contractor may not subcontract to an entity that has common ownership or is an Affiliate of the General Contractor. Petitioner recently learned that two subcontractors are affiliated with the General Contractor ("GC"). The subcontracts comprise approximately 2.41% of the total actual costs of the GC's construction contract (1.61% of the total development cost). For the reasons set forth in paragraph 11 below, the GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost. In support, Petitioner states as follows:

A. THE PETITIONER

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

WRDG T3A, LP, a Florida limited partnership
c/o Jerome Ryans
5301 W. Cypress St.
Tampa, FL 33607
Telephone: (813) 341-9101
Fax: (813) 367-0784
Email: JeromeR@thafl.com

2. The address, telephone and facsimile number and e-mail address of Petitioner's counsel is:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 E College Ave.
Suite 700
Tallahassee, Florida 32301
Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. THE DEVELOPMENT

3. The following information pertains to the development ("Development"):

- Development Name: Boulevard Tower I
- Address: 1345 W Main St, Tampa, FL 33607
- Developer: WRDG T3A Developer, LLC
- County of Development: Hillsborough
- Number of Units: 119
- Type: High Rise (new construction)
- Demographics: Family
- Set Asides: 10% of the units at or below 40% AMI, 70% at or below 60% AMI and 20% of the units at market-rate
- Funding Amounts: $2,110,000 9% housing credit (annual)

C. THE RULE FROM WHICH WAIVER IS REQUESTED

4. Petitioner requests a waiver of Rule 67-48.0072(17)(h), F.A.C. (5/24/2017), which provides:

> The General Contractor must meet the following conditions: . . . Ensure that no construction cost is subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or the Developer. For purposes of this paragraph, "Affiliate" has the meaning given it in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "General Contractor."

D. STATUTES IMPLEMENTED BY THE RULE

5. The Rule implements, among other sections of the Florida Housing Finance Corporation Act (the "Act"), the statutes relating to the State Apartment Incentive Loan Program contained in Section 420.5087 of the Florida Statutes, the HOME Investment Partnership Program and HOME Investment Partnership Fund, contained in Section 420.5089 of the Florida Statutes, and the allocation of the Low-Income Housing Tax Credits contained in Section 420.5099 of the Florida Statutes. *See* §§ 420.5087, 420.5089, and 420.5099, Fla. Stat. (the "Statutes").

E. JUSTIFICATION FOR GRANTING WAIVER

6. Petitioner timely submitted Application No. 2018-283C on December 22, 2017 in response to RFA 2017-113 for Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties (the "RFA").

7. The Development was invited to credit underwriting on August 2, 2018.

8. After completing construction of the 119 units, Petitioner learned that two subcontractors (FUSE Equipment, LLC and Fuse Builds, LLC) have common principals with the General Contractor and meet the definition of an "Affiliate" under Rule 67-48.002(5), F.A.C.

9. Accordingly, Petitioner is in need of a Rule waiver.

10. The affiliated subcontractors performed rough carpentry work equating to approximately 2.41% of the total actual costs of the GC's $25,178,297 construction contract (1.61% of the $37,613,535 total development cost). FUSE Equipment, LLC's work totaled $61,544 and FUSE Builds, LLC's totaled $545,685 (collectively "FUSE"). Specifically, FUSE performed rough carpentry work such as installing temporary doors, as well as temporary wooden handrails that were removed once the permanent aluminum balcony rails were installed. FUSE also installed the backing and blocking throughout the project, which is used within the walls for cabinetry, grab rails, closet shelving, IT equipment racks, and bathroom accessories (*e.g.*, toilet paper holders, towel bars, shelving, and mirrors).

11. When asked why the GC utilized affiliated subcontractors, the GC explained that, at that time, Tampa had a "very challenging labor market" in that many firms were unable to staff the requisite skillsets. FUSE provided the Development's requested local outreach, used to attract and hire local, skilled labor. As a Davis-Bacon Act project, the Development was subject to additional requirements (*see, e.g.*, 40 U.S.C. § 3142), and FUSE had the credentials necessary to hire, document, and pay in accordance with the Act. The GC is unaware of an unaffiliated subcontractor that could have provided the same services at a lower cost.[1]

12. Under Section 120.542(1), Fla. Stat., 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 rules demonstrates that the

[1] The GC assured Petitioner that the bid was awarded to the lowest qualified bidder. However, due to the passage of time, the GC is unable to now locate those alternative bids.

application of the rules would: (1) create a substantial hardship or, violate principles of fairness,[2] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

13. In this instance, Petitioner meets the standards for a waiver of the Rules. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that 119 affordable housing units will remain available for the target population in Hillsborough County, Florida. The strict application of the Rule will create substantial hardship for Petitioner because failure to satisfy the technical requirements of the Rule would result in rescission of allocation of housing credits awarded to the Development. If the requested waiver is denied, Petitioner would have to tear out the work completed by the affiliated subcontractor. Avoiding this unnecessary cost would ensure the costs for the Development are as low as possible. The waiver will therefore serve the purposes of the Statutes and the Act, because one of the Act's primary purposes is to facilitate the availability of decent, safe and sanitary low-cost housing in the State.

14. By granting this waiver, Florida Housing would recognize the goal of increasing the supply of affordable housing to persons of low-income, and recognizing the economic realities and principles of fundamental fairness in developing affordable rental housing. *See* § 420.5099(2), Fla. Stat.

F. <u>WAIVER IS PERMANENT</u>

15. The waiver being sought is permanent in nature.

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[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 significantly different from the way it affects other similarly situated persons who are subject to the rule. *See* § 120.542(2), Fla. Stat.

G. ACTION REQUESTED

16. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested waiver of the Rule and allow the General Contractor to subcontract to two affiliates; (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By:___*Brian J. McDonough*____________
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

The Petition For Rule Waiver is being served by electronic transmission for filing with the Florida Housing Clerk for the Florida Housing Finance Corporation via CorporationClerk@floridahousing.org, with copies served U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 21st day of June, 2023.

By:___*Brian J. McDonough*____________
BRIAN J. MCDONOUGH, ESQ.

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

RECEIVED

JUN 28 2023 11:13 AM

FLORIDA HOUSING
FINANCE CORPORATION

LIBERTY SQUARE PHASE FOUR, LLC

Petitioner,

FHFC Case # 2023-057VW

vs.

FHFC APPLICATION: 2020-468BS/2019-573C
REQUEST FOR APPLICATIONS: 2020-208

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________/

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

Petitioner, Liberty Square Phase Four, LLC (the "Petitioner"), by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing"), for a waiver of Rule 67-48.0072(26), Florida Administrative Code ("F.A.C.") (July 11, 2019) so that it may extend the SAIL closing deadline of June 19, 2023. Petitioner experienced a series of delays beyond its control, as outlined in more detail below. Accordingly, Petitioner is requesting a 90-day extension of the loan closing deadline. In support, Petitioner states as follows:

1. THE PETITIONER

The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

Alberto Milo, Jr.
Organization: Liberty Square Phase Four, LLC
315 S. Biscayne Blvd.
Miami, FL 33131
Telephone: 305-460-9900
Fax: N/A
E-mail: amilo@relatedgroup.com

The address, telephone number, facsimile number, and e-mail address of Petitioner's counsel are:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 East College Avenue, Suite 700
Tallahassee, FL 32301
Telephone: 850-329-4852
Fax: 850-329-4844
Email: BSmitha@stearnsweaver.com

2. DEVELOPMENT BACKGROUND

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

- Development Name: Liberty Square Phase Four
- Development Address: 1415 NW 63rd Street, Miami, Florida
- County: Miami-Dade
- Developer: Liberty Square Phase Four Developer, LLC
- Number of Units: 193
- Type: Mid-Rise, 5 to 6-stories
- Set Asides: 27.46% of units (53 units) at or below 30% AMI, 13.47% (26 units) at or below 40% AMI, 4.66% (9 units) at or below 60% AMI, 53.89% (104 units) at or below 80% AMI, and one unrestricted employee unit (0.52%)
- Demographics: workforce
- Funding: $3,250,000 Workforce SAIL Request Amount; $43,000,000 Multifamily Mortgage Revenue Bonds through Florida Housing; and $3,135,015 Non-Competitive 4% Housing Credit Request Amount (annual amount).

3. WAIVER IS PERMANENT

The waiver being sought is permanent in nature.

4. THE RULE FROM WHICH WAIVER IS REQUESTED

Petitioner seeks a waiver of Rule 67-48.0072(26),[1] effective July 11, 2019, which provides:

> (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 within 120 Calendar Days of the date of the firm loan commitment(s), unless the Development is a Tax-Exempt Bond-Financed Development which then the closing must occur within 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 120 Calendar Day or 180 Calendar Day period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after 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.

Id. (emphasis added).

5. STATUTES IMPLEMENTED BY THE RULE

The Rule implements Section 420.5087 (State Apartment Incentive Loan Program), Section 420.5089 (HOME Investment Partnership Program; HOME Investment Partnership

[1] RFA 2020-208, Ex. C., § 4.g. states: "SAIL loans must close within the timeframes outlined in subsections 67-48.072(21) and 67-48.072(26), F.A.C. For all SAIL loans, a request for an extension of the deadline for closing the loan(s) may be considered by the Board for an extension term of up to 90 Calendar Days." *Id*. at p. 89.

Fund), and Section 420.5099 (creating the Housing Credits Program) of the Florida Housing Finance Corporation Act (the "Act").[2]

6. JUSTIFICATION FOR GRANTING WAIVER OF THE RULE

a. Petitioner timely submitted the Application for the Development on March 25, 2020 in response to RFA 2020-208 (SAIL and Housing Credit Financing for the Construction of Workforce Housing) (the "RFA").

b. The Development received an allocation of the 2020 Housing Credit dollar amount meeting the requirements of Section 42(h)(1)(E) and (F) of the Internal Revenue Code of 1986 as amended ("Tax Credits") and was invited to credit underwriting on October 21, 2020.

c. Petitioner accepted an invitation to enter credit underwriting on October 26, 2020. Although the Rule provides that the firm loan commitment must be issued within twelve months of acceptance to enter credit underwriting, it also provides that Petitioner may request one extension of up to six months. On June 23, 2021, Petitioner exercised this right and Florida Housing's Board approved the extension request on October 22, 2021 to extend the deadline from October 26, 2021 to April 26, 2022. Petitioner paid the extension fee required by the Rule.

d. The extension was requested due to delays in securing a GC contract caused by the volatility of the construction market.

e. During the extension period, Petitioner worked closely with the Housing Finance Authority of Miami-Dade County to finalize the credit underwriting report. However, the Housing Finance Authority necessitated numerous revisions to address the relocation of public housing residents to the Development and related design changes. Because Florida Housing could not issue a firm loan commitment until after the credit underwriting report was approved,

[2] The Act is set forth in Sections 420.50 through 420.55 of the Florida Statutes.

Petitioner requested, and was approved by Florida Housing's Board on March 4, 2022, a Rule waiver to extend the firm loan commitment deadline to October 26, 2022.

f. On September 22, 2022, Florida Housing issued a firm commitment for the SAIL. Pursuant to RFA 2020-208, the loan was required to close within 180 calendar days of the date of the firm commitment (*i.e.*, March 21, 2023). However, an extension of that closing deadline of 90 calendar days was approved by Florida Housing's Board on April 28, 2023, extending the loan closing deadline to June 19, 2023.

g. Because Petitioner exercised the single extension allowed under the Rule, Petitioner 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.

h. Specifically, Petitioner is involved with the multi-phase redevelopment of the oldest public housing development in Florida, which will involve redeveloping 640 units into a 1,500-unit mixed income development. Because the site provided public housing, approval from the U.S. Department of Housing and Urban Development ("HUD") was necessary to demolish the original units and replace them with modern units. Before such approval could be granted, HUD required a lengthy reconciliation process to confirm the number of affordable housing units that were being replaced.

i. Petitioner cannot close without HUD approval, which approval requires substantially final documents. Petitioner submitted the required documents to HUD in May 2023. While HUD has already provided its first round of comments, final HUD approval likely cannot be obtained until mid-July.

j. Separately, Florida Housing advised that credit underwriting could not be completed until HUD posted the rents that were to be underwritten. Generally, such information is available by April of each year. However, the information did not become available until May 15, 2023. Thus, credit underwriting could not be finalized until the updated rents were published. The final credit underwriting report update letter was not approved by the Board until June 9, 2023. Additionally, the rent increase was significantly lower than anticipated (*i.e.*, 6% instead of 14%).

k. Lastly, Petitioner has been working diligently to obtain building permits for all three buildings to be constructed. Initially, Petitioner intended to construct two buildings in phase one, and intended to construct a third building in a later phase. However, because all three buildings will be located within – and comprise – an entire city block, the City required Petitioner to submit drawings for all three buildings during the site plan approval process. Because the site plan included all three buildings, Petitioner decided to construct all three buildings simultaneously as opposed to waiting to construct the third building in a later phase. Petitioner also increased the number of units from 110 to 186 and then to 193. The changes to the plans and Development Order slowed Petitioner's progress and substantially increased related costs.

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

m. Thus, Petitioner is in need of a Rule waiver to obtain a second extension of the loan closing deadline.

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

o. 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 this funding source, the denial would cause Miami-Dade County to lose these 193 affordable housing units.

p. 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 193 affordable housing units much faster than would reallocating the funding to a new development because Petitioner expects to have its building permits and HUD approval by mid-July.

q. Under Section 120.542(1), *Fla. Stat.,* 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 principles of fairness,[3] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. *See* § 120.542(2), Fla. Stat.

r. In this instance, Petitioner 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 193 affordable housing units will be preserved and made available for the target population in Miami-Dade County, Florida. The strict application of the Rule would cause the preliminary 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

[3] "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. *See* § 120.542(2), Fla. Stat.

housing in the State. By granting this waiver, and further ensuring the development of 193 affordable housing units in Miami-Dade County, Florida Housing would 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* § 420.5099(2), Fla. Stat.

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

t. Should Florida Housing require additional information, Petitioner is available to answer questions and to provide all information necessary for consideration of this Petition.

7. ACTION REQUESTED

For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested waiver to extend the loan closing deadline an additional 90 days (*i.e.*, through and including September 18, 2023); (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By: */s/ Brian J. McDonough*
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

This Petition is being served by electronic transmission for filing with the Clerk for the Florida Housing Finance Corporation, CorporationClerk@FloridaHousing.org, with a copy served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 28th day of June, 2023.

By: *___/s/ Brian J. McDonough___________*
Brian J. McDonough, Esq.

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FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION
FHFC Case No.: 2023-054VW

Application No.: 2021-269SN

SOUTHWICK COMMONS, LTD.,

Petitioner,

vs.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
___________________________________/

PETITION FOR WAIVER OF RULE 67-48.0072(21)(b)

Petitioner, Southwick Commons, Ltd., ("Petitioner") petitions to Respondent, Florida Housing Finance Corporation ("FHFC"), for a waiver of Rule 67-48.0072(21)(b), F.A.C. (2020) in effect at the time Petitioner submitted its application in response to FHFC's Request for Applications 2020-205 (the "RFA"), to allow Petitioner to extend the Firm Loan Commitment deadline for the State Apartment Incentive Loan ("SAIL"), Extremely Low Income Loan ("ELI"), and National Housing Trust Fund ("NHTF") funding allocated to Petitioner pursuant to the RFA, and states as follows in support of the Petition:

A. Petitioner and the Development.

1. The name, address, telephone, and facsimile numbers for Petitioner and its qualified representative are:

Southwick Commons, Ltd.
Attn: Jonathan L. Wolf
1105 Kensington Park Drive, Suite 200
Altamonte Springs, FL 32714

Telephone: (407) 333-3233
jwolf@wendovergroup.com

The name, address, telephone, and facsimile numbers of Petitioner's attorneys are:

J. Timothy Schulte, Esquire
Zimmerman, Kiser & Sutcliffe, P.A.
315 E. Robinson Street, Suite 600
Orlando, FL 32801
Telephone: (407) 425-7010
Facsimile: (407) 425-2747
tschulte@zkslawfirm.com

2. Pursuant to the RFA, Petitioner timely submitted its application for SAIL, ELI, and NHTF funding. See Application Number 2021-269SN. Petitioner was preliminarily awarded $8,689,548.00 funding under the RFA (the "SAIL, ELI, and NHTF Award").

3. The SAIL, ELI, and NHTF Award is a critical part of the financing for a new construction of 192 units of workforce housing (the "Development"). The Development is located in the City of Apopka, Orange County, Florida.

4. The SAIL, ELI, and NHTF Award firm loan commitment issuance deadline was June 29, 2022, which was twelve (12) months after the acceptance of the invitation to enter credit underwriting.

5. At the meeting of the Board of Directors of the Corporation (the "Board") on June 17, 2022, the Board granted Petitioner's request to extend the loan commitment issuance deadline to December 29, 2022.

6. At the meeting of the Board on December 9, 2022, the Board entered an Order Granting Waiver of Rule 67-48.0072(21)(b), F.A.C. (2020), granting Petitioner's request to extend its firm loan commitment issuance deadline from December 29, 2022, to June 29, 2023.

7. For the reasons explained more fully below, the June 29, 2023 deadline for the issuance of the FHFC firm loan commitment will not be met. Due to unavoidable delays encountered in obtaining approval for the Development from the City of Apopka, Petitioner is requesting an additional 6 month extension of the firm loan commitment issuance deadline until December 29, 2023.

B. Rules from Which the Waiver Is Sought.

8. The relevant portion of the Rules in effect at the time the SAIL, ELI, and NHTF funds were awarded, for which this waiver is sought, provides as follows:

> "(21) Information required by the Credit Underwriter shall be provided as follows:
>
> ***
>
> (b) For SAIL, EHCL, and HOME, unless stated otherwise in a competitive solicitation, the firm loan commitment must be issued within twelve (12) months of the Applicant's acceptance to enter credit underwriting. Unless an extension is approved by the Corporation in writing, failure to achieve credit underwriting report approval and issuance of a firm loan commitment by the specified deadline shall result in withdrawal of the preliminary commitment. Applicants may request one (1) extension of up to six (6) months to secure a firm loan commitment. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting the extension and shall detail the time frame to achieve a firm loan commitment. In determining whether to grant an extension, the Corporation shall consider the facts and circumstances of the Applicant's request, inclusive of the responsiveness of the Development team and its ability to deliver the Development timely. The Corporation shall charge a non-refundable extension fee of one (1) percent of each loan amount if the request to extend the credit underwriting and firm loan commitment process beyond the initial twelve (12) month deadline is approved. If, by the end of the extension period, the Applicant has not received a firm loan commitment, then the preliminary commitment shall be withdrawn." Rule 67-48.0072(21)(b), F.A.C. (2020).

C. Statute Implemented.

9. The Rules for which a waiver is requested are implementing, among other sections of the Florida Housing Finance Corporation Act (the "Act"), the statute that created the SAIL program and provides for the allocation of Housing Credits. See §§ 420.5087 and §§ 420.5099(2), Florida Statutes (2020).

10. Pursuant to Chapter 120.542(1), Florida Statutes, "[s]trict application of uniformly applicable rule requirements can lead to unreasonable, unfair, and unintended results in particular instances. The Legislature finds that it is appropriate in such cases to adopt a procedure for agencies to provide relief to persons subject to regulation." Therefore, under Section 120.542(1), Florida Statutes and Chapter 28-104, F.A.C., the Corporation has the authority to grant waivers to its requirements when strict application of these 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." Section 120.542(2), Florida Statutes.

11. In this instance, Petitioner meets the standards for a waiver.

D. Justification for Petitioner's Requested Waiver

12. Petitioner is requesting an additional extension of the deadline to secure a loan commitment from June 29, 2023 to December 29, 2023, to have additional time to complete permitting, and credit underwriting for the Development.

13. The reasons and good cause for this request are set forth below:

A. The delays in obtaining a firm loan commitment have been caused by circumstances outside Petitioner's control. Specifically, the City of Apopka ("City") has unlawfully attempted to block the Development in violation of the Florida Fair Housing Act.

B. The City originally supported the Development as evidenced by the City signing the *Florida Housing Financing Corporation Local Government Verification that Development is Consistent with Zoning and Land Use Regulations* (the "Verification"), on November 4, 2020. In the Verification, the City certified that the Development's "proposed number of units, density and intended use are consistent with current land use regulations and zoning designations." The Verification also provided that the Property could be developed with 195 units pursuant to the City's land development regulations. The Verification was provided by the City and submitted as part of Petitioner's Application for funding. As a result, Petitioner expected the City to fully cooperate with the approvals necessary for the Development.

C. Instead, the City turned against the development for unlawful reasons and refused to provide the necessary approvals. On June 16, 2022, Petitioner filed an action in the Ninth Judicial Circuit Court seeking injunctive relief and damages against the

City for violations of the Florida Fair Housing Act, Florida Statutes §§760.26 and 760.35.

D. On November 28, a Final Judgment was entered in favor of Petitioner and against the City of Apopka. See attached Exhibit 1. The Final Judgment found that the City was in violation of Section 760.26, Florida Statutes (2022) and permanently enjoined the City from the restrictions on the Development.

E. Despite the entry of the Final Judgment, the City of Apopka has committed further violations of the Florida Fair Housing Act in an unlawful attempt to block the Development. First, the City reduced the number of units that could be developed on the Property from 195 to 192. As stated above, the City's Verification confirmed that Petitioner could construct 195 units in the Development. That Verification was relied upon by Petitioner and Florida Housing Finance Corporation (the "Corporation").

F. Petitioner was forced to file a Petition for Waiver of Rule 67-48.004(3)(i) to allow Petitioner to reduce the total number of units for the Development from 195 to 192.

G. On April 28, 2023, the Board entered an Order granting the Petition for Waiver allowing the Petitioner to reduce the total number of units. The Corporation's approval of the waiver made the number of units no longer a basis for the City to refuse approval of the Development.

H. However, the City continues to refuse to approve the architectural plans for the Development on the grounds that the units do not have a "balcony or porch." On the contrary, the architectural plans include a balcony on all units. The City takes the position that the balconies are not big enough, although there is no size requirement in the City's regulations. The failure to approve the balconies has continued to delay the issuance of the required permits for the Development. The City has intentionally delayed approval and issuance of the required permits in a concerted effort to cause Petitioner to lose its funding required for the Development.

I. On June 21, 2023, Petitioner filed an Amended Complaint in the Circuit Court action seeking declaratory and injunctive relief against the City declaring that Petitioner has satisfied the City's requirements regarding the balconies.

J. At a City Council Meeting on June 21, 2023, the City finally approved the balcony design. As a result, the Petitioner believes that all obstacles to issuance of the required permits have been satisfied and construction permits for the Development will be issued shortly. Those Permits are the only condition remaining to issuance of the firm loan commitment.

14. The requested waiver will not adversely affect Petitioner, the Development, any other party that applied to receive SAIL funding in the RFA or the Corporation. A denial of the Petition, however, would (a) result in substantial economic hardship to Petitioner, because Petitioner has expended funds to acquire the land and Petitioner has incurred substantial costs to date toward ensuring that the Development proceeds to completion; (b) deprive Orange County and the City of Apopka of the provision of much needed affordable housing; and (c) violate principles of fairness. §120.542(2), Fla. Stat.

15. As discussed above, the delays have been caused by circumstances outside Petitioner's control. As a result, the delay makes it impossible to meet the June 29, 2023, deadline for issuance of a firm loan commitment.

16. The requested waiver will ensure the availability of SAIL, ELI, and NHTF funding which will otherwise be lost as a consequence of the development delays described herein.

E. Conclusion

17. The facts set forth in Section 13 of this Petition demonstrate the hardship and other circumstances which justify Petitioner's request for a Rule waiver; that is, the delays occasioned by the need to secure additional time to obtain injunctive relief to require the City to approve the Development.

18. Petitioner's Development will serve to provide affordable housing in Orange County.

19. As demonstrated above, the requested waiver serves the purposes of Section 420.5087, Florida Statutes, and the Act, as a whole, because one of their primary goals is to facilitate the availability of decent, safe, and sanitary housing in the State of Florida to low income persons and households. Further, by granting the requested waiver, the Corporation would recognize principles of fundamental fairness in the development of affordable rental housing.

20. The waiver being sought is permanent in nature. Should the Corporation require additional information, a representative of Petitioner is available to answer questions and to provide all information necessary for consideration of this Petition.

WHEREFORE, Petitioner respectfully requests that the Corporation:

A. Grant this Petition and all the relief requested herein;

B. Grant a waiver of the Rule to extend the deadline to secure a firm loan commitment from June 29, 2023, to December 29, 2023; and

C. Award such further relief as may be deemed appropriate.

Respectfully submitted,

J. Timothy Schulte, Esquire
Florida Bar No.: 769169
ZIMMERMAN, KISER & SUTCLIFFE, P.A.
315 E. Robinson St., Suite 600 (32801)
P.O. Box 3000
Orlando, FL 32802
Telephone: (407) 425-7010
Facsimile: (407) 425-2747
Counsel for Petitioner
tschulte@zkslawfirm.com

CERTIFICATE OF SERVICE

The original Petition is being served by electronic transmission for filing with the Corporation Clerk for the Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, FL 32301 (CorporationClerk@floridahousing.org; a copy served via email on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, FL 32399-1400 (japc@leg.state.fl.us); and a copy served via email to Hugh Brown, Esq. (hugh.brown@floridahousing.org), Marisa Button, Esq. (marisa.button@floridahousing.org) and KaCee Johnson Lackey, Esq. (KaCee.Johnson@floridahousing.org), Florida Housing Finance Corporation this 26th day of June, 2023.

J. Timothy Schulte, Esquire
Florida Bar No.: 769169
ZIMMERMAN, KISER & SUTCLIFFE, P.A.
315 E. Robinson St., Suite 600 (32801)
P.O. Box 3000
Orlando, FL 32802
Telephone: (407) 425-7010
Facsimile: (407) 425-2747
Counsel for Petitioner
tschulte@zkslawfirm.com

JTS/jle

IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT
IN AND FOR ORANGE COUNTY, FLORIDA

CASE NO. 2022-CA-005470-O

SOUTHWICK COMMONS, LTD, a Florida limited partnership,

Plaintiff,

vs.

CITY OF APOPKA, Florida, a Political Subdivision of the State of Florida,

Defendant. /

FINAL JUDGMENT AS TO COUNT II

THIS CAUSE having come before the Court on Count II of the Complaint, and the Court having considered the record, and being advised by the parties that there are no disputed issues of fact or questions as to the applicable law, and being otherwise fully advised in the premises, it is hereby ORDERED AND ADJUDGED as follows:

FINDINGS OF FACT:

1. Southwick owns an approximately 12-acre parcel of vacant property located at the southeast corner of E. 6th Street and S. Alabama Avenue in the City (the "Property"), which is within what is designated as Apopka's City Center.

2. Southwick plans to develop an affordable housing community on the Property (the "Community").

3. Prior to being owned by Southwick, the City owned the Property and the City was under contract to sell it to Taurus Apopka City Center, LLC ("Taurus").

4. Southwick entered into a contract to purchase the Property from Taurus.

EXHIBIT
1

5. On July 22, 2016, the City and Taurus entered into the Development Agreement that governed the City Center.

6. Exhibit "F" of the Agreement sets forth the permitted uses for the City Center.

7. The Development Agreement permitted "Residential Multi-Family (non-subsidized, market rent)" as a permitted use in the City Center. The parenthetical language "non-subsidized, market rent" constitutes a restriction on the use "Residential Multi-Family."

8. The Development Agreement was amended through the Amended and Restated Development Agreement (the "Amended Agreement"), which was executed on July 15, 2020.

9. The Amended Agreement retained "Residential Multi-Family (non-subsidized, market rent)" as a restricted permitted use in the City Center.

10. The requirement that all Residential Multi-Family be non-subsidized and rented at market rent (the "Restriction") is a land use restriction on the development of the Property.

11. Southwick has obtained funding to develop the Community through awards of Federal, State and County affordable housing financing sources.

12. In order to construct the Community, Southwick applied for and was awarded approximately $8,689,548 from the FHFC in the form of State Apartment Incentive Loans ($7,000,000), National Housing Trust Funds ($1,089,548), and Extremely Low Income Loans ($600,000).

13. Southwick also was awarded a $2,000,000 loan from the Orange County Affordable Housing Trust Fund to construct the Community.

14. The Orange County Housing Finance Authority (the "OC Finance Authority") allocated $26,300,000 in private activity bonds for the construction of the Community.

15. Because of the receipt of this source of financing, Southwick is limited on the amount of rent that it can charge the residents of the Community.

16. On or about November 1, 2021, Taurus purchased the Property from the City, and the next day, November 2, 2021, sold the Property to Southwick.

17. After closing on the Property, Southwick filed an application with the City requesting an amendment to the Amended Agreement.

18. Among other requests, Southwick requested that the City amend the Agreement to remove the Restriction, "non-subsidized, market rent".

19. The Request was heard before the City Council on May 4, 2022.

20. The City Council voted 3-2 to deny the Application and maintain the Amended Agreement as drafted.

21. On June 15, 2022, the City Council denied Southwick's appeal of the denial.

22. As Southwick is receiving funding from various financing sources for the construction of the Community, the Community is subsidized and is not permitted on the Property because of the Restriction.

CONCLUSIONS OF LAW:

1. "It is unlawful to discriminate in land use decisions or in the permitting of development based on race, color, national origin, sex, disability, familial status, religion, or, except otherwise provided by law, **the source of financing of a development or proposed development**." Section 760.26, *Florida Statutes* (2022) (emphasis added).

2. "Legislative intent is the polestar that guides [a court's] analysis regarding the construction and application of [a] statute." *Diamond Aircraft Industries, Inc. v. Horowitch*, 107 So. 3d 362, 367 (Fla. 2013). Legislative intent is primarily derived from the text of the statute

applying the plain meaning of the language used therein. *Id.* "If statutory language is 'clear and unambiguous and conveys a clear and definite meaning, there is no occasion for resorting to the rules of statutory interpretation and construction; the statute must be given its plain and obvious meaning.'" *Id.* (quoted citations omitted). In instances of ambiguity, a court may examine the legislative history to aid its determination of the legislative intent. The Parties have not proffered legislative history or appellate court guidance which alters the plain language of the statute.

3. In relevant part, the Statute does not permit consideration of the "source of financing of a … proposed development" as a basis for the City's "land use decisions or in the permitting of development."

THEREFORE, IT IS ORDERED AND ADJUDGED THAT:

1. The Court finds that the Restriction is a restriction on the development of the Property based upon the source of financing of the development.

2. The Court declares that the City's enforcement of the Restriction is a violation of Section 760.26, *Florida Statutes* (2022). Pursuant to Section 760.35, *Florida Statutes* (2022), the Court hereby strikes the requirement that Residential Multi-Family be "non-subsidized, market rent" as set forth in Exhibit "G" to the *Amended and Restated Development Agreement* that was executed on July 15, 2020. The City is permanently enjoined from requiring that the Property be developed as non-subsidized and rented at market rent.

3. The Court reserves jurisdiction to enter further orders regarding entitlement and reasonableness of attorney's fees and costs incurred in this action.

DONE and **ORDERED** in Chambers, Orlando, Florida on this 28th day of November 2022.

Emerson R. Thompson, Jr.
HONORABLE EMERSON R. THOMPSON, JR.
Senior Judge

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day November 2022, I electronically filed the foregoing with the Clerk of Court by using the Florida Courts E-Filing Portal system which will send notice of electronic filing and, pursuant to Supreme Court of Florida Administrative Order No. AOSC13-49, will complete service of the foregoing as required by Florida Rules of Judicial Administration 2.516 to all attorneys of record.

Judicial Assistant

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

FHFC CASE NO. 2023-044VW
APPLICATION NO. __________

FAIRFIELD RUNNING BROOK II LP,

Petitioner

vs.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_____________________________________/

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FLORIDA HOUSING FINANCE CORPORATION

PETITION FOR WAIVER OF RULE 67-21.0025(7)(c) and 67-21.003(1)(b)

FAIRFIELD RUNNING BROOK II LP, a Florida limited partnership ("Petitioner"), by and through its undersigned counsel, hereby petitions Respondent, the FLORIDA HOUSING FINANCE CORPORATION (the "Corporation") for a waiver of the Corporation's rule which requires that all natural persons that constitute ownership of a principal be disclosed by the third principal disclosure level. Moreover, Petitioner hereby petitions the Corporation for a waiver of the requirement that for Non-Competitive Housing Credits (the "4 Percent HC") only, to be used for a Tax-Exempt Bond-Financed Development where the bonds are issued by a County Housing Authority established pursuant to Section 159.604, Florida Statues (2022); that the Non-Competitive Application Form (the "Application") be submitted anywhere from the time the Applicant completes Credit Underwriting for the Bonds up until the last Corporation business day of December of the year the Development is placed in service (the "Timing Requirement"), per the NCA adopted and incorporated by reference into Rule 67-21.003(1)(b), Florida Administrative Code (2022). This Petition is filed pursuant to Section 120.542 of the Florida

Statutes (2022) and Chapter 28-104 of the Florida Administrative Code (2022). In support of its Petition, the Petitioner states:

A. PETITIONER AND DEVELOPMENT

1. The address, telephone number, facsimile number and e-mail address of the Petitioner are:

Fairfield Running Brook II LP
5355 Mira Sorrento Place, Suite 100
San Diego, California 92121
Attn: Richard Boynton
Telephone: (858) 824-6424
Facsimile: (858) 625-6047
Email: rboynton@ffres.com

2. For purposes of this Petition, the address, telephone number, facsimile number and e-mail address of Petitioner's counsel is:

Hollie A. Croft, Esq.
Nelson Mullins Riley & Scarborough
390 N. Orange Avenue, Suite 1400
Orlando, Florida 32801
Telephone: (407) 839-4200
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Email: hollie.croft@nelsonmullins.com

3. Petitioner previously submitted an application to the Housing Finance Authority of Palm Beach County, Florida for an issuance of multifamily housing revenue bonds to be used for the rehabilitation of that certain 186-unit multifamily housing development to be known as Running Brook Apartments, located at 20505 SW 122nd Avenue, Miami, Florida 33177 (the "Development"). Petitioner has submitted an application to the Corporation for an allocation of the 4 Percent HC to fund a portion of the acquisition or rehabilitation of the Development.

B. WAIVER IS PERMANENT

4. The waiver being sought is permanent in nature.

C. THE RULE FROM WHICH WAIVER IS REQUESTED

5. Petitioner requests a waiver from Rule 67-21.0025(7)(c), F.A.C. (2022) which requires the Petitioner to disclose all natural persons that constitute the ownership of a Principal by the third principal disclosure level when submitting the Principal Disclosure Form (defined below) in connection with the Non-Competitive Application Package and 67-21.003(1)(b), F.A.C. (2022) which adopts and incorporates the Non-Competitive Application Package (Rev. 04-2022) (collectively, the "Rule"). The specific provisions of the Rule from which Petitioner is seeking a waiver are as follows:

> Rule 67-21.0025(7)(c), F.A.C (2022), which provides in relevant part:
>
> (7) Disclosure of the Principals of the Applicant must comply with the following:
>
> (a) The Applicant must disclose all of the Principals of the Applicant (first principal disclosure level). For Applicants seeking Housing Credits, the Housing Credit Syndicator/Housing Credit investor need only be disclosed at the first principal disclosure level and no other disclosure is required;
>
> (b) The Applicant must disclose all of the Principals of all the entities identified in paragraph (a) above (second principal disclosure level);
>
> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, **all of the Principals must be natural persons**; and
>
> (d) If any of the entities identified in paragraph (c) above are a trust, the Applicant must disclose all of the Principals of the trust (fourth principal disclosure level), all of whom must be natural persons.
>
> (emphasis added)
>
> Rule 67-21.003(1)(b), F.A.C. (2022), which provides in relevant part:

(b) If the NC Award will not be made available through the competitive solicitation funding process outlined in rule Chapter 67-60, F.A.C., the Applicant shall utilize the Non-Competitive Application Package in effect at the time the Applicant submits the Application. **The Non-Competitive Application Package or NCA (Rev. 04-2022) is adopted and incorporated herein by reference and consists of the forms and instructions available, without charge, on the Corporation's website under the Multifamily Programs link labeled Non-Competitive Programs or from http://www.flrules.org/Gateway/reference.asp?No=Ref-14387, which shall be completed and submitted to the Corporation in accordance with this rule chapter.**

(emphasis added)

Section A.6.a. of the Non-Competitive Application Package provides, in relevant part:

6. Principals Disclosure for the Applicant and for each Developer:

a. The Principals of the Applicant and Developer(s) Disclosure Form in effect at the time of Application submission ("Principal Disclosure Form"), must be submitted, in Excel format, as part of the Application package.

The Principal Disclosure Form must identify, pursuant to subsections 67-21.002(86) and 67- 21.0025(7) and (8), F.A.C., the Principals of the Applicant and Developer(s). For Housing Credits, the investor limited partner of an Applicant limited partnership or the investor member of an Applicant limited liability company must be identified on the Principal Disclosure Form. **A Principals Disclosure Form should not include, for any organizational structure, any type of entity that is not specifically included in the Rule definition of Principals**. Pursuant to subsection 67-21.002(86), any Principal that is not a natural person must be a legally formed entity as of the Application Deadline.

In order to assist the Applicant in completing the Principal Disclosure Form, the Corporation offers an Advance Review Process. The Advance Review Process for Disclosure of Applicant and Developer Principals is available on the Non-Competitive Application webpage

> and also includes samples which may assist the Applicant in completing the required Principals Disclosure Form. (emphasis added)

The NCA provides, in pertinent part:

> Non-Competitive Housing Credits (4 Percent HC) only, to be used for a Tax-Exempt Bonds Financed Development where the bonds are issued by a County Housing Finance Authority (HFA) established pursuant to Section 159.604, F.S. **The Non-Competitive Application Form can be submitted anywhere from the time the Applicant completes Credit Underwriting for the Bonds up until the last Corporation business day of December of the year the Development is placed in service**;

(emphasis added)

D. STATUTES IMPLEMENTED BY THE RULE

6. The Rule is implementing, among other sections of the Florida Housing Finance Corporation Act, the statute that created the Housing Tax Credit Program and the Multifamily Mortgage Revenue Bonds Program. *See* §§ 420.509, 420.5099, *Fla. Stat.* (2022) (the "Statute").

7. The Corporation has the authority pursuant to Section 120.542(1), Florida Statutes, and Chapter 28-104, F.A.C., to grant waivers to its rule requirements when strict application of such rules would lead to unreasonable, unfair and unintended results in particular instances. Waivers shall be granted when the person 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. § 120.542(2), *Fla. Stat.*

E. JUSTIFICATION FOR GRANTING THE WAIVER OF THE RULE

8. Petitioner is seeking a waiver from Section A.6.a. of the Non-Competitive Application Package, which requires the applicant to include with its application for non-

competitive tax credits the Principals of the Applicant and Developer(s) Disclosure Form in excel format (hereinafter, the "Principal Disclosure Form"), as an exhibit to the Non-Competitive Application Package. The application further requires that the applicant identify the principals pursuant to subsection 67-21.002(86), F.A.C., which provides the definition of who constitutes a "Principal" for disclosure purposes. Moreover, subsection 67-21.0025(7) of the Corporation's rules provides specific requirements an applicant must comply with for the disclosure of "Principals".

9. As such, for Petitioner to submit a Non-Competitive Application Package for the 4 Percent HC for the Development and comply with Section A.6.a. thereof, it must be able to submit the Principal Disclosure Form in accordance with not only Rule 67-21.002(86), but also Rule 67-21.0025(7)(c). Petitioner's current ownership structure does not comply with the requirements of Rule 67-21.0025(7)(c). Therefore, Petitioner is also seeking a waiver of 67-21.0025(7)(c), which requires that by the third principal disclosure level of the Principal Disclosure Form, the Principals disclosed must all be natural persons except if the Principal is a trust, in which case the natural person Principal can be disclosed by the fourth principal disclosure level.

10. Petitioner cannot meet the requirement to have a natural person principal by the third principal disclosure level for the following reasons:

a. Petitioner is majority owned and controlled by the California State Teachers' Retirement System (CalSTRS) pension fund. Petitioner's structure has various corporate layers to accommodate the fact that it is majority owned and controlled by CalSTRS, a public pension fund. The participants of the CalSTRS pension fund are continually changing and currently number in excess of 980,000 (teachers of the State of California), and therefore it is not practical or feasible to include in the Principal Disclosure Form.

b. Further, the ultimate participants in the pension plan have no ability to control the investments and may change on a regular basis making it impossible to have a Principal Disclosure Form which is submitted and does not change during the application process if such natural persons were included.

c. Petitioner's ownership structure includes multiple employee profit sharing entities, specifically FRH CI LLC – AHF GP3 Series, a Delaware Series limited liability company and FRH CI LLC – AHF LP3 Series, a Delaware Series limited liability company (collectively, the "Profit-Sharing Entities"), which entities own, collectively, less than a 3% ultimate interest in the Petitioner, with ownership of the Profit-Sharing Entities made up completely by employees (or trusts established by an employee). As the Profit-Sharing Entities are utilized to provide compensation to employees, changes in ownership of the Profit-Sharing Entities are intrinsically tied to changes to the employees, and therefore it would not be practical or reasonable for them to be included in the Principal Disclosure Form as principals of the Petitioner. To do so would require Petitioner to effectively consult with the Corporation on its hiring, firing and other employment practices on an ongoing basis.

d. Further the ultimate owners of the Profit-Sharing Entities, explicitly have no ability to control the investments or to exercise meaningful control of the Profit-Sharing Entities, such control being vested in the manager of the Profit-Sharing Entities, the natural person principals of which are still fully disclosed to the Corporation. The only role these members serve is to passively receive any cash flow that passes through the Profit-Sharing Entities as additional compensation for their employment.

11. Further Petitioner requests a waiver of the Timing Requirement, which requires that Petitioner complete the credit underwriting for the county bond transaction (the "Credit Underwriting") before submission of the Application. In order to complete the Credit Underwriting Report, Petitioner must have finalized its ownership structure which it will not be able to do so until this Petition is granted. However, Petitioner cannot submit this Petition without first submitting an Application and cannot submit an Application until completing the credit underwriting process and receive a report (the "Credit Underwriting Report") and cannot complete Credit Underwriting and finalize its Credit Underwriting Report without first granting of this Petition. Consequently, Petitioner will need to submit the Application before completing Credit Underwriting in order to address this issue in advance with the Corporation. Therefore, Petitioner is requesting a waiver of the requirement to submit a final Credit Underwriting Report with its Application in order to prevent any further delay to the closing and rehabilitation commencement of the Development.

12. A waiver of the Rule will permit Petitioner to apply for non-competitive tax credits to finance a portion of the rehabilitation of the Development. Without this additional source of investor equity, the Petitioner will not have enough funds to preserve and rehabilitate

these much needed 184 affordable units in Miami, Florida. Petitioner intends to acquire the Development in August or September of 2023. While the Development is currently encumbered by a SAIL Land Use Restriction Agreement until 2051, the re-syndication of the Development will extend the rent restrictions at the Development for an additional 30 years.

13. In this instance, Petitioner meets the standards for a waiver of the Rule. The Corporation has the authority pursuant to Section 120.542(1), Florida Statutes, to provide relief from its rules if strict application of those rules will lead to unreasonable, unfair or unintended results in particular instances. Unless the Rule is waived to allow the Petitioner to apply for non-competitive housing credits with its current ownership structure, certain unreasonable, unfair and unintended results will occur, resulting in a substantial hardship to the Petitioner and the Development. Specifically, the purpose of the Rule was for the Corporation to know who is actively participating in its programs. However, strict application of the Rule would lead to the unintended result that a public pension fund is not able to participate in the Corporation's programs, and an employer utilizing employee-profit sharing entities in its deal structure as a means by which to compensate its employees would make their general employment practices subject to Corporation consent in order to participate in the Corporation's programs as well as result in a substantial hardship to the Petitioner. In this specific instance, the Corporation's failure to grant the waiver requested will result in a substantial hardship to Petitioner, as Petitioner will not be able to apply for and obtain the 4 Percent HC and, as such, will not be able to complete the much-needed rehabilitation of the Development. The Corporation will not be harmed by granting this Petition as the intent of the Rule will not be violated. The Rule was implemented to permit the Corporation to ascertain the parties involved in its programs. Petitioner is still able to provide to the Corporation disclosure of all principals (except with

regards to the disclosure waivers requested herein), but not by the third (or fourth) principal disclosure levels. Moreover, certain entities in Petitioner's ownership structure will have participants that are not feasible to disclose because they are numerous passive investors, such as the teachers that comprise the CalSTRS public pension fund, or because such would unreasonably restrict the Petitioner's employment practices.

14. The requested waiver of the Rule serves the purpose of the Statute that is implemented by the Rule. The Florida Housing Finance Corporation Act (Section 420.501, *et seq*.) was passed in order to encourage private and public investment in facilities for persons of low-income. The purpose of the creation of the Housing Tax Credit Program and Multifamily Mortgage Revenue Bonds Program is to stimulate creative private sector initiatives to increase the supply of affordable housing. By granting the waiver of the Corporation's requirement that all natural persons that constitute the ownership of a principal be disclosed and that a final Credit Underwriting Report be included in the Application, Petitioner will be able to apply for non-competitive housing credits with its current structure as requested in this Petition, the Corporation would recognize the goal of increasing the supply of affordable housing through private investment in persons of low-income.

F. ACTION REQUESTED

15. For the reasons set forth herein, Petitioner respectfully requests the Board (i) grant the requested waiver of the Corporation's rule which requires that all natural persons that constitute the ownership of a principal be disclosed by the third principal disclosure level; (ii) grant the requested waiver of the Timing Requirement and the Corporation's requirement that a final Credit Underwriting Report be included in the Application; (iii) grant the Petition and all of the relief requested herein; and (iv) grant such further relief as it may deem appropriate.

Respectfully submitted,

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Hollie A. Croft, Esq.
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COUNSEL FOR PETITIONER

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Petition was filed 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

This 22nd day of May, 2023.

Andrew Bennett, Esq.
Fla. Bar No. 0125189

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FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

College Trace Apartments, L.P.
a Florida Limited Partnership,

Petitioner,

FHFC CASE NO. 2023-036VW
Application No. 2022-520C

v.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________/

AMENDED[1] PETITION FOR WAIVER OF RULES 67-21.0025(7)(c) AND 67-21.003(1)(b), F.A.C. (07/06/2022) AND PART A.6.b.1 OF THE NON-COMPETITIVE APPLICATION PACKAGE

Petitioner College Trace Apartments, L.P. (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing"), for a waiver of the requirement under Rule 67-21.0025(7)(c), F.A.C. that only natural persons (or trusts with natural person principals) be disclosed by or at the third principal disclosure level. Petitioner further seeks a waiver of Rule 67-21.003(1)(b), F.A.C. (07/06/2022), and Part A.6.b.1 of the Non-Competitive Application Package, so that the change may occur prior to issuance of the preliminary determination. Petitioner has applied for non-competitive housing credits (the "Application") in conjunction with the rehabilitation of 112 affordable housing units at College Trace Apartments (the "Development"). Teachers Insurance and Annuity Association of America, through its wholly owned affiliate, TGA GP FL HoldCo LLC (together with their affiliates, collectively, "TIAA") would like to acquire an indirect interest in the general partner of Petitioner. Founded in 1918, TIAA, a New York-headquartered

[1] This Petition is amended for the purpose of revising footnote 3 and paragraph 21.

life insurance company, is a leading provider of financial services for the academic, research, medical, cultural and governmental fields and one of the largest retirement systems in the United States (based on assets under management). TIAA offers a wide range of financial services, including investment and banking advice and guidance and retirement services.

TIAA has a unique organizational structure[2] which, as a prospective principal of Petitioner, must be incorporated into Petitioner's principal disclosures if this petition is granted and acquisition of the Development is completed.[3] In consideration of the Rules, TIAA has used its best efforts to condense the levels of disclosure to the greatest extent possible. Nevertheless,

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[2] Founded in 1918, TIAA is a New York stock life insurance corporation under New York Insurance Law and generally governed by New York corporations' law. TIAA has a corporate structure that is unique in comparison to similar present-day corporations, and has attributes of both a non-profit company and a mutual insurance company. TIAA's stock is held by the TIAA Board of Governors, a New York non-charitable, not-for-profit corporation. The TIAA Board of Governors holds no pecuniary rights in TIAA and has no right to TIAA's profits. Rather, under TIAA's Charter TIAA operates without profit to the corporation or its stockholders and under New York insurance law, TIAA's profits are retained by the company to enhance TIAA's capital base. In no event is any surplus or profits paid to TIAA's shareholder (*i.e.*, TIAA Board of Governors) or any member of the TIAA Board of Governors. From a governance perspective, the TIAA Board of Trustees ("TIAA Board") oversees management of TIAA. The TIAA Board delegates this authority to the officers of TIAA, who manage the day-to-day investments of TIAA and its wholly owned affiliates. TIAA's other layers are discussed in more detail at Section F, below.

[3] If this Petition is granted, the requested organizational structure change will not occur until the closing of the Florida Projects (*i.e.*, the closing of the transaction in which an indirect interest in Petitioner's general partner is purchased). Petitioner is submitting this Petition at this stage because the purchasers would like confirmation that this requested Rule waiver will be approved prior to completing acquisition of the indirect interest in Petitioner's general partner. The negotiations regarding the purchase of the indirect interest in the general partner are complete and the parties are ready to close. The only impediment to closing is gaining assurances that Florida Housing and the issuer are comfortable with Petitioner's proposed structure. For College Trace, Petitioner has already acquired the Development property and begun the rehabilitation. Thus, the closing on the acquisition of the indirect interest may occur at any time during construction or may occur after construction completion. Petitioner respectfully requests that the underwriter underwrite the housing credit transaction with regard to the current ownership reflected in the attached Exhibit A. When the transfer is ready to occur, Petitioner will make a request to Florida Housing for approval of the transfer, and Florida Housing will request a recommendation letter from the underwriter, at which time the new entities in the transaction, identified in Exhibit B, will be vetted.

incorporating TIAA into Petitioner's organizational structure results in additional principal levels beyond Petitioner's current three disclosure levels. Although these additional levels are necessary for TIAA's corporate governance, to address the Rules' underlying purpose, TIAA proposes to install a Board of Managers at the fourth principal disclosure level, such that all natural persons, in their corporate capacity, having direct control over the daily management of the Development will be disclosed by the fourth level. *Compare* Current Organizational Structure, attached as Exhibit A with the Proposed Organizational Structure, attached as Exhibit B. Because Petitioner is unable to comply with the Rules, it respectfully requests a waiver. If the waiver is granted, the key persons responsible for overseeing the rehabilitation of the Development – and with whom Florida Housing has been working to date – will remain the same and will be in close contact with TIAA's Board of Managers.[4] In support of this Petition, Petitioner states as follows:

A. <u>The Petitioner.</u>

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

> David Fleming
> College Trace Apartments, LP
> 909 Third Ave, 21st Floor
> New York, NY 10022
> Phone: 646-502-7196
> Fax: N/A
> Email: dfleming@onyllc.com

2. The address, telephone, and facsimile number and e-mail address of Petitioner's counsel is:

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[4] If this Petition is granted, Petitioner's senior staff, as well as the property-level employees currently working on the Development will remain the same as part of the acquisition by TIAA. These current individuals will in turn provide regular updates to the TIAA Board of Managers about the Development.

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& Sitterson, P.A.
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Bridget Smitha, Esq.
Stearns Weaver Miller Weissler
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Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. <u>THE DEVELOPMENT.</u>

3. The following information pertains to the Development:

- Development Name: College Trace Apartments
- Development Address: 813 Bloodworth Lane, Pensacola, Florida 32504
- County: Escambia
- Developer: OMP College Trace Apartments, LLC
- Number of Units: 112 (Acquisition and Rehabilitation)
- Demographic: Family
- Type: Townhouses and Garden Style Apartments
- Set Asides: 100% at or below 60% AMI
- Funding: $1,185,192 Non-Competitive HC funding request (annual amount)

C. <u>WAIVER IS PERMANENT.</u>

4. The waiver being sought is permanent in nature.

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

5. For Petitioner's principals to appear below the third principal disclosure level, Petitioner requests a waiver of Rule 67-21.0025(7)(c), F.A.C. (7/6/22), which provides:

(7) Disclosure of the Principals of the Applicant must comply with the following:

***

> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons. . . .

Id.

6. Rule 67-21.003(1)(b), F.A.C. (7/6/22) incorporates by reference the Non-Competitive Application Package in effect at the time Petitioner submitted the Application:

> (1) Unless otherwise set forth in a competitive solicitation pursuant to rule Chapter 67-60, F.A.C., Applicants shall apply for Non-Competitive HC or a combination of MMRB and Non-Competitive HC as set forth below. For purposes of this subsection only, the term NC Award shall refer to Non-Competitive HC or a combination of MMRB and Non-Competitive HC, and funding from the Predevelopment Loan Program (PLP) will not be considered to be other Corporation funding. . . .
>
> (b) If the NC Award will not be made available through the competitive solicitation funding process outlined in rule Chapter 67-60, F.A.C., the Applicant shall utilize the Non-Competitive Application Package in effect at the time the Applicant submits the Application. The Non-Competitive Application Package or NCA (Rev. 04-2022) is adopted and incorporated herein by reference and consists of the forms and instructions available, without charge, on the Corporation's website under the Multifamily Programs link labeled Non-Competitive Programs or from http://www.flrules.org/Gateway/reference.asp?No=Ref-14387, which shall be completed and submitted to the Corporation in accordance with this rule chapter.

At issue here, is Part A.6.b.1 of NCA (Rev. 04-2022), which provides:

> The Applicant entity shall be the recipient of the Housing Credits and the ownership structure of the Applicant entity as set forth in the Principal Disclosure Form and cannot be changed in any way (materially or non-materially) until after the Preliminary Determination is issued. Once the Preliminary Determination has been issued, (a) any material change in the ownership structure of the named Applicant will require Board approval prior to the change, and (b) any non-material change in the ownership structure of the named Applicant will require Corporation approval prior to the change. The ownership structure of the Applicant entity may be changed without Corporation or Board approval after a Final Housing Credit Allocation Agreement has been approved and the IRS Forms 8609 have been issued; however, the Corporation must still be notified in writing of the change. The Applicant must comply with Principal disclosure requirements outlined in Rule Chapter 67-21, F.A.C. for the duration of the Compliance Period. Changes to the ownership structure of the Applicant entity prior to the issuance of the Preliminary Determination or without Board approval or Corporation approval, as applicable, prior to the approval of the Final Housing Credit Allocation and issuance of the IRS Forms 8609 shall result in a disqualification from receiving funding and shall be deemed a material misrepresentation. Changes prior to the issuance of the Preliminary Determination to the officers or directors of a Public Housing Authority,

> officers or directors of a Non-Profit entity, or the limited partner of an investor limited partnership or an investor member of a 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 Non-Profit entity shall require Corporation approval. Any allowable replacement to the natural person Principals of a Public Housing Authority or officers and/or directors of a non-profit entity will apply to all preliminarily awarded Applications and Applications pending final Board action that include the Public Housing Authority or non-profit entity.

Id.

E. <u>STATUTES IMPLEMENTED BY THE RULES.</u>

7. Rules 67-21.0025 and 67-21.003, F.A.C. (07/06/2022), implement, among other sections of the Florida Housing Finance Corporation Act (the "Act"):

- Section 420.502, Legislative findings.
- Section 420.507, Powers of the corporation.
- Section 420.508, Special powers; multifamily and single-family projects.
- Section 420.509, Revenue bonds.
- Section 420.5099, Allocation of the low-income housing tax credit.

Per Section 420.5099(1), (2), Florida Housing acts as the State's housing credit agency and is authorized to establish procedures for allocating and distributing low-income housing tax credits.

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

8. Petitioner submitted Application No. 2022-520C for non-competitive housing credits on February 10, 2023.

9. As part of a larger transaction, TIAA intends to acquire the ownership interests in Omni Affordable Florida, LLC ("Omni FL"), which owns interests in the Florida affordable housing assets known as College Trace, Mandarin Trace, Oak Hammock, Emerald Place, and Gadsden Arms, and will soon also include Hollybrook Homes (collectively, the "Florida

Projects").[5] The foregoing will be accomplished pursuant to that certain Securities Purchase Agreement, dated as of October 26, 2022 (the "Purchase Agreement"), whereby TIAA will acquire all of the issued and outstanding equity of Omni Holding Company and Omni FL resulting in TIAA becoming the indirect owner of 100% of the ownership interests in Omni FL.

10. However, the acquisition of the Florida Projects cannot occur without the requested waiver as the incorporation of TIAA within Petitioner's organizational structure will cause principals to appear below the third level. As discussed in more detail below, despite simplifying TIAA's structure, TIAA's unique corporate structure prevents compliance with the Rules.

11. Through its wholly owned subsidiaries, TIAA specializes in acquisition, development and asset management across a diverse portfolio, including an affordable housing portfolio. This affordable housing portfolio is currently valued at more than $3,000,000,000 and consists of 140 distinct projects (approx. 20,000 apartment units) with an active footprint in 20 states. TIAA maintains its passionate vision to stimulate economic prosperity, build communities and enrich individual lifestyles by pioneering intelligent urban redevelopment projects. Under the guidance of a strong, experienced leadership team specializing in the revitalization and repositioning of multifamily properties, and leveraging achievements in housing, TIAA seeks opportunities to continue to grow its housing portfolio on a national scale while remaining in a stronger position as a full service vertically integrated national owner/operator. Its strategy is focused on community revitalization, prioritizing investments in early stage projects that help to

[5] Mandarin Trace and Oak Hammock are located in Jacksonville; College Trace is in Pensacola; Emerald Place is in Titusville; Gadsden Arms is located in Quincy; and Hollybrook Homes is in Jacksonville.

increase the supply of affordable, sustainable and climate-safe housing in low-income and disadvantaged communities.

12. TIAA is preferred by many of the nation's premiere real estate development companies who appreciate its attentiveness to their needs and input. TIAA has the size, longevity, efficiency, and experience to provide sustainable, safe communities to low-income families and seniors. TIAA's advantage as an owner/operator is highlighted by the firm's well-capitalized investment capabilities along with quick, decision-making abilities. By focusing on the profitability and sustainability of each of its projects, TIAA has been able to provide safe and comfortable housing for those who need it most.

13. TIAA would like to expand its impact investment mission to include Florida affordable housing. With its initial acquisition, interests held by exiting Omni principals Eugene Schneur, Maurice Vaughn, and Robert Bennett in the Florida Projects will be conveyed to TGA GP FL Holdco LLC, a Delaware limited liability company ("GP Holdco"), which in turn will be wholly-owned by TGA GP Holdco Parent LLC, a Delaware limited liability company, which in turn will be wholly-owned by TIAA as depicted on the proposed structure chart attached hereto as Exhibit B. The Florida Projects will be owned by GP Holdco (the sole member and manager of Omni Affordable Florida, LLC, which will be the sole member and manager of Petitioner's general partner, if this Petition is granted).[6] The sole member and manager of the GP Holdco is TGA GP Holdco Parent LLC, whose sole member and manager is TIAA. As previously noted, TIAA's sole shareholder is the TIAA Board of Governors, a not-for-profit corporation that does

[6] If the Petition is granted, 333 Meadow LLC and Aspire Properties LLC would no longer be members of Petitioner's general partner, College Trace Developers, LLC. *See* Exhibit B.

not operate as a typical stockholder.[7] The charter of TIAA Board of Governors specifies that its primary purpose is to hold the stock of TIAA.[8] TIAA does not issue dividends to TIAA Board of Governors. TIAA Board of Governors has members known as "Governors." The Governors have neither a pecuniary interest in the TIAA Board of Governors (the not-for-profit corporation) nor any direct or indirect entitlement to any profits of TIAA.[9] In other words, these members are not the direct or indirect (through TIAA Board of Governors) beneficial owners of TIAA.[10]

14. The TIAA Board of Trustees ("TIAA Board") functions much like a traditional corporate board of directors, overseeing management of TIAA. The TIAA Board delegates certain authority to the officers of TIAA, who carry out day-to-day investments of TIAA and its wholly owned affiliates. For the Florida Projects, including the Development, Pamela West, Nadir Settles and Patrick Li, in their capacity as members of the Board of Managers at the GP

[7] TIAA Board of Governors is a non-charitable not-for-profit membership corporation established in 1937 and subject to the New York Not for Profit Corporation Law ("NYNPCL"). Under its constitution, the Board of Governors' primary purpose is to own and administer TIAA's stock and elect members of TIAA's governing board (the TIAA Board of Trustees), which has responsibility and authority to govern TIAA's affairs. The members of the Board of Governors (each a "Governor") manage the affairs of TIAA Board of Governors. Please see https://www.tiaa.org/public/about-tiaa/corporate-governance-leadership/tiaa-governors-trustees . As noted, neither the Board of Governors as a legal entity nor any individual Governor has a right to TIAA's profits. Rather, all surplus funds may be retained by TIAA to enhance its capital base or to distribute dividends to its policyholders.

[8] Andrew Carnegie founded TIAA to ensure the financial security of those in the higher education sector. The stock of TIAA was initially retained by Mr. Carnegie's foundation, the Carnegie Corporation. However, once the organization had a record of operating, the Carnegie Corporation determined to transfer the stock to a new body (then called the Trustees of TIAA Stock) composed of distinguished leaders of the higher education sector.

[9] As noted, no profits or surplus are payable or distributable to TIAA's sole shareholder (*i.e.*, TIAA Board of Governors) nor to any member or trustee or officer of the TIAA Board of Governors, nor to the TIAA's Board of Trustees or any of its members, nor to any officer of TIAA.

[10] Under its charter, TIAA operates without profit to its sole stockholder, TIAA Board of Governors.

Holdco level, will, through the aforementioned mechanism of authority delegation, have broad authority to manage and govern the day-to-day affairs of GP Holdco and the Florida Projects.

15. To provide Florida Housing with comfort that the specifically designated individuals will remain in charge of the ultimate decision-making relative to the Development (and the other Florida Projects), the GP Holdco will, at all times, be governed by a Board of Managers comprised of Pamela West,[11] Nadir Settles,[12] and Patrick Li[13] – no additions or substitutions to the Board of Managers will occur without notice to Florida Housing and obtaining Florida Housing's consent to such change. Thus, although TIAA's principal disclosures extend for several levels, the natural persons proposed to be vetted by Florida

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[11] Pamela is a seasoned real estate professional with over 20 years of experience and has executed over $10B of transactions in acquisitions, dispositions, financing and asset management within the U.S. Prior to joining the team, Pamela was the Regional Head of Acquisitions and Asset Management for the Northeast and Mid-Atlantic region for TH Real Estate, a subsidiary of TIAA. She managed over $2.8B of housing assets. She began her career in real estate at CBRE. In addition to her professional activity, Pamela is a Board Member of the Real Estate Executive Council, Bold Charter Schools, and City Parks Foundation. She also serves on the Advisory Boards for Leonard W. Wood Center for Real Estate Studies, Veritas Impact Partners and Cooper Housing Institute. She is a member of the ULI Affordable Housing Investors Council and the Real Estate Roundtable's President Council and New York Women Executives in Real Estate. Pamela graduated with a bachelor's degree in English Education from the University of North Carolina at Greensboro and an M.B.A. in Real Estate and Finance from the University of North Carolina at Chapel Hill.

[12] Nadir's experience includes various positions including asset management, portfolio management, acquisitions, and product development. Prior to joining Nuveen Real Estate in 2012, Nadir was involved in both asset management and acquisitions roles at Silverstein Properties and RLJ development Urban Lodging Trust (formally RLJ Development LLC). Nadir graduated with a B.A in Business Administration from St. John's University, an M.B.A. from Villanova School of Business and an M.S. in Real Estate Finance from New York University.

[13] Patrick has 10 years of experience in commercial real estate investment, and since joining Nuveen Real Estate in 2013 has executed over $4B in acquisitions, financing, and dispositions in various asset types across the U.S. Patrick actively serves on the Board of Directors of Urban Pathways, a non-profit organization that provides housing and services to the adult homeless population in the New York City metro area. He is also on the Advisory Council of Real Estate Ascending Leaders and the Advisory Board of the Manhattan chapter of AREAA. Patrick holds a B.A. in Economics and Mathematics-Statistics and an M.A. in Mathematics of Finance from Columbia University, and a Graduate Certificate in Real Estate from New York University.

Housing (*i.e.*, GP Holdco's Board of Managers, consisting of Pamela West, Nadir Settles, and Patrick Li), which will be responsible for overseeing the management of the Development, would appear at the fourth level if this Petition is granted.[14]

16. Under Section 120.542(1), *Fla. Stat.,* 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 principles of fairness,[15] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

17. It is our understanding that one of the major purposes of the principal disclosure requirement to identify all natural persons by or at the third level is to prevent a "shell game" whereby Florida Housing is unable to identify the individuals in charge of the affected housing development. If this Petition is granted, the natural persons responsible for the day-to-day operations and management will be disclosed by the fourth level and will not change without Florida Housing's written consent. Accordingly, granting the Petition should not impact Florida Housing's confidence in the Petitioner, its principals, or the integrity of its ownership structure.

[14] TIAA has a Board of Trustees and acts through its officers through a delegation of corporate authority. This delegation of authority results in Pamela West, Nadir Settles, and Patrick Li having the authority to manage on a day-to-day basis the investments of the Florida Projects. The Trustees of TIAA and the Governors of the TIAA Board of Governors are not involved in the day-to-day investment management decisions as this is delegated to the officers of the business line in question and they do not in the normal course sign documents related to any of TIAA's investments.

[15] "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. § 120.542(2), Fla. Stat.

The waiver, if granted, will merely relieve the Petitioner of the impossible task of changing the corporate governance structure of TIAA that has controlled TIAA's operations for decades and which remains integral to TIAA's global operations. Because all natural persons having management or control over the Development will be disclosed, granting the requested waiver will prevent a substantial and unfair hardship from being imposed on Petitioner while still achieving the underlying purpose of the Rules.

18. One of the other major goals of the Rules is for the federal and state allocated resources of Florida Housing to be used to facilitate the availability of decent, safe and sanitary housing in Florida to low-income persons. The Act (Section 420.501, *et sq.*) was passed in order to create inducements and opportunities for private and public investment in rental housing to increase and preserve the supply of affordable housing for low-income persons and households.

19. If the Petition is denied, TIAA will not be able to acquire Omni FL, the owner of the Florida Projects, and would result in an exclusion of TIAA from the Florida affordable housing LIHTC market. Accordingly, Petitioner would be unable to marshal TIAA's resources and expertise to further its mission to positively impact affordable housing in Florida.[16] Compliance with the Rules would create a substantial economic hardship by altering Petitioner's transaction structure in a manner that would terminate the proposed transactions with respect to

[16] For example, if the Petition is denied, Petitioner would not have access to TIAA's resources. TIAA is a pioneer in impact investing and remains competitively positioned to deliver a market-leading sector globally and at scale. Under Nadir Settles and Pamela West's leadership, the strategy will be to continue leveraging TIAA's industry expertise and go beyond just affordable housing to focus its attention on community revitalization. Working as partners, local communities and real estate owners can meet shared objectives and tackle local challenges, from sustainability and mitigating climate risk, to healthcare, housing, and social exclusion. With a strong sense of purpose stemming from a desire to see communities prosper, TIAA has consistently established strong P3's with various philanthropy groups and encourages a business culture deeply rooted in improving the surrounding environment. Focusing on long-term relationships and strategic market growth opportunities, TIAA intends to continue actively expanding its multifamily housing portfolio and partnerships.

the Florida Projects because TIAA would no longer be able to participate in the instant transaction with respect to the Florida Projects and would be precluded from any participation in the Florida affordable housing LIHTC market. Further, given TIAA's unique structure and corporate governance, the requested waiver should not create precedent that can be readily relied upon by other institutions to undermine the purpose of the Rules. Rather, the Rules would be undermined they are strictly enforced to exclude an otherwise reputable, ethical, and mission-oriented institution from the opportunity to serve Florida affordable housing imperatives. In light of TIAA's vast real estate investment holdings in Florida, spanning other sectors and asset classes, it would be unreasonable and unfair to exclude TIAA from the Florida affordable housing sector simply because its unique corporate structure does not fit squarely within the Rules. The requested waiver will not adversely impact the Development or Florida Housing.

20. For the foregoing reasons, Petitioner meets the standards for the requested waiver.

G. ACTION REQUESTED.

21. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested permanent waiver such that the acquisition may move forward and Petitioner may adopt the Proposed Organizational Structure attached as Exhibit B upon closing on the purchase of the indirect interest, which closing may occur prior to issuance of the preliminary determination; (ii) grant this Petition and all relief requested herein; and (iii) grant such further relief deemed appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By: ___*/s/ Brian J. McDonough*_______________
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

This Petition is being served by electronic transmission for filing with the Clerk for the Florida Housing Finance Corporation, CorporationClerk@FloridaHousing.org, with copies served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 30th day of June, 2023.

By: ___*/s/ Brian J. McDonough*____________
Brian J. McDonough, Esq.

Exhibit A - Current Organizational Structure

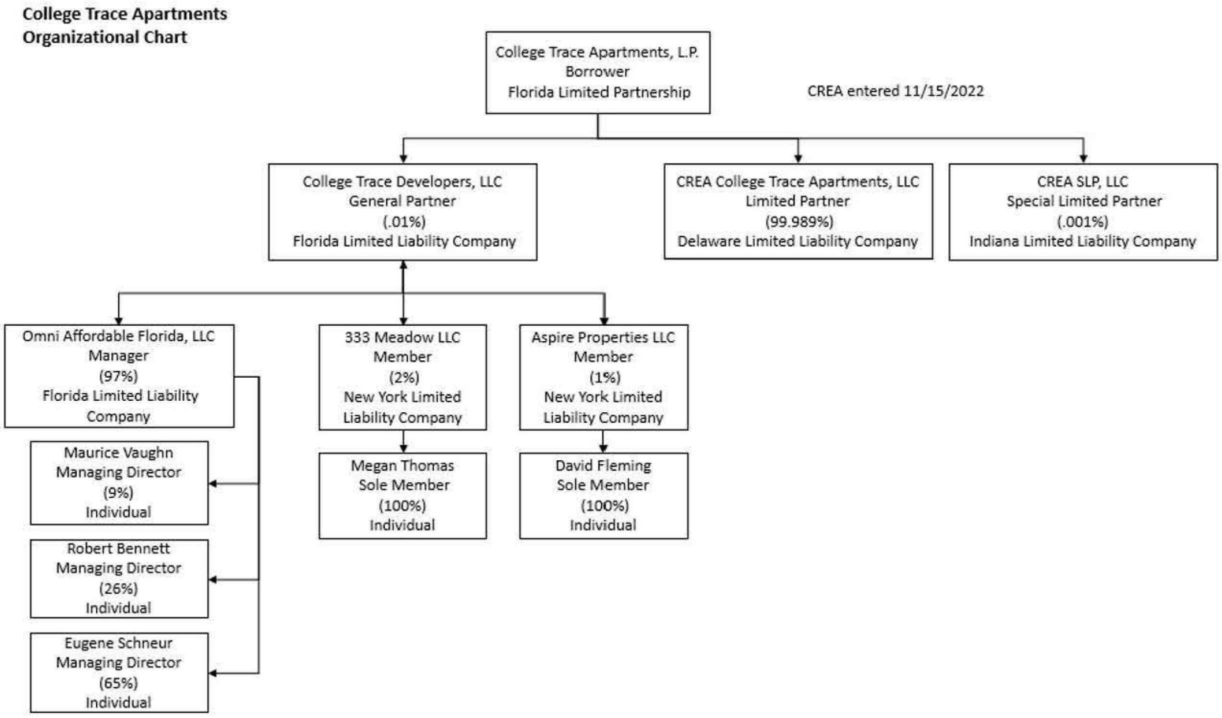
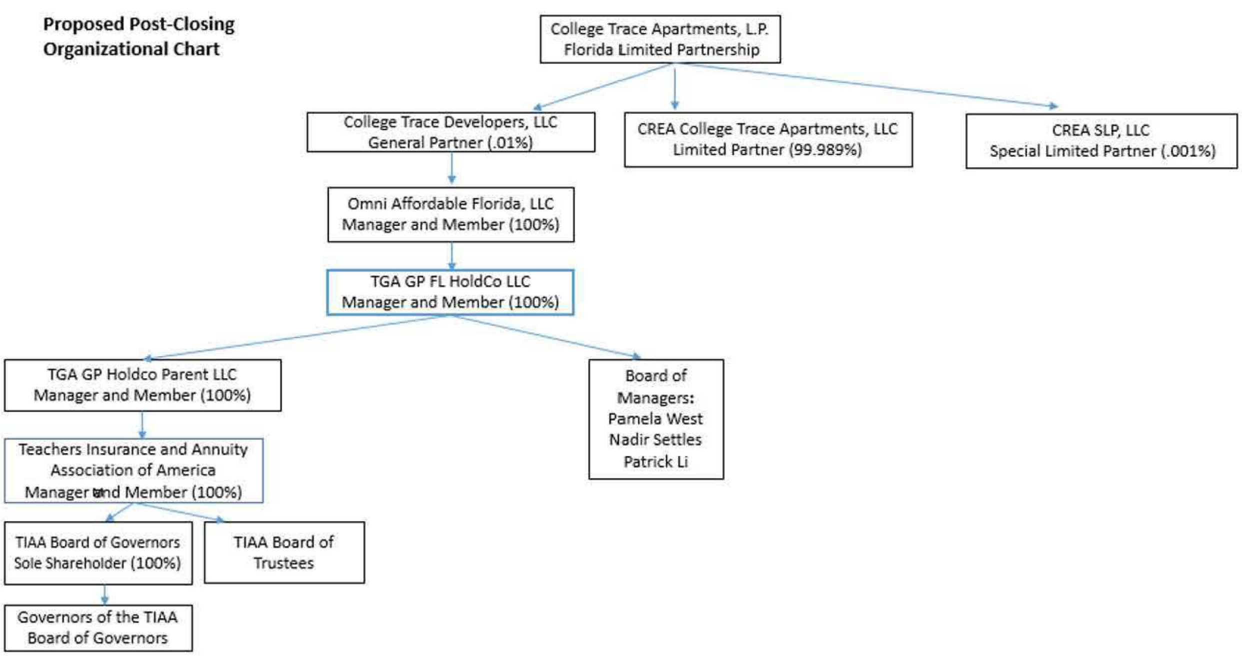


Exhibit B - Proposed Organizational Structure



#11371519 46181-0002

2023-020

RESOLUTION

of the

Board of Directors of
Florida Housing Finance Corporation

pertaining to

Attestations, Certifications, and
Execution of Routine Documents

WHEREAS, the Florida Housing Finance Corporation ("Florida Housing") is authorized under the provisions of Chapter 420, Part V, Florida Statutes, to promote the public welfare by administering the governmental function of financing or refinancing housing and related facilities, to make loans to eligible borrowers and issue revenue bonds from time to time for the purpose of financing affordable housing developments; and

WHEREAS, it is necessary that the Board of Directors of Florida Housing (the "Board") designate and authorize the Executive Director and other senior officers of Florida Housing to execute routine program documents on behalf of Florida Housing to bind Florida Housing thereby and designate and authorize certain Assistant Secretaries to provide attestations and certifications to routine program documents on behalf of Florida Housing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

1. The Board hereby designates and authorizes Florida Housing's Executive Director and Chief Financial Officer to be responsible for programs administered by Florida Housing for as long as he or she is employed in those capacities, to execute routine program documents and such other documents as, in their judgment, are necessary to assure market or program continuity including but not limited to: contracts, notes, mortgages, loan closing documents, submittals, reports, amendments, checks, and such other documents as may be necessary for the operation of Florida Housing. The Executive Director is appointed as a secretary of Florida Housing as of the date he or she begins employment as the Executive Director and shall hold such office for as long as he or she is employed in the capacity as Executive Director.

2. The Board hereby authorizes Florida Housing's Executive Director and Chief Financial Officer to delegate authority to execute routine documents, including but not limited to: contracts, notes, mortgages, loan closing documents, submittals, reports, amendments, checks, and such other documents as may be necessary for the operation of Florida Housing to the Comptroller, the Managing Director of Multifamily Programs, the Multifamily Loans/Bonds Director, the Multifamily Tax Credits Director, the Managing Director of Homeowner Programs, the Managing Director of Asset Management and Guarantee Programs, the Managing Director of Policy/Special Programs, and the Managing Director of Government Relations and External Affairs, (including such persons authorized to act on their behalf) for as long as they are employed by Florida Housing.

3. The Board hereby designates and authorizes each Board member for as long as he or she is a member of the Board, and the Comptroller, the Managing Director of Multifamily Programs, the Multifamily Loans/Bonds Director, and the Multifamily Tax Credits Director; as Assistant Secretaries for as long as they are employed in those capacities by Florida Housing, for the purpose of providing attestations and certifications of, and only one of them needs to attest or certify, all routine program documents including but not limited to: resolutions, loan closing documents, submittals, reports, amendments, checks, contracts, draw requests, and such other documents as may be necessary.

4. This resolution shall replace all prior resolutions delegating authority to execute routine documents.

5. This resolution shall take effect on July 21, 2023, (the "Effective Date").

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 21st day of July 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:_____________

2023-021

RESOLUTION

of the

Board of Directors of
Florida Housing Finance Corporation

pertaining to

Delegating Authority to Execute Bond Related Documents and Designating Assistant Secretaries to Provide Attestations and Certifications on Bond Related Documents

WHEREAS, the Florida Housing Finance Corporation ("Florida Housing") is authorized under the provisions of Chapter 420, Part V, Florida Statutes, to issue revenue bonds from time to time for the purpose of financing affordable housing developments; and,

WHEREAS, the Board of Directors of Florida Housing (the "Board") has authorized and, may in the future authorize, the issuance of revenue bonds (the "Bonds"), and desires for ease of closing Bond transactions to authorize and designate the Executive Director and Secretary, and certain other senior officers of Florida Housing to execute documents in connection with the issuance of the Bonds and closing of the transactions to effectuate the issuance and closings and to bind Florida Housing thereby; and

WHEREAS, the Board has authorized and may in the future authorize the issuance of Bonds and desires for the ease of closing Bond transactions, to designate and authorize certain Assistant Secretaries to provide attestations and certifications in connection with the issuance of Bonds by Florida Housing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

1. Effective July 21, 2023, the Board hereby designates and authorizes the Executive Director, the Chief Financial Officer, and the Comptroller to execute, and only one of them need execute, all documents necessary to effectuate the issuance of the Bonds, including execution of the Bonds and the security documents underlying the same, as necessary to effectuate the issuance of the Bonds and the closing of the transactions. Such designation and authorization shall be deemed to apply to the issuance of Bonds and the closing of the transactions from and after the effective date hereof. The Executive Director is appointed as a secretary of Florida Housing as of the date he or she begins employment as the Executive Director and shall hold such office for as long as he or she is employed in the capacity as Executive Director.

2. The Board hereby designates and authorizes the Comptroller, the Managing Director of Multifamily Programs, the Multifamily Loans/Bonds Director, the Multifamily Tax Credits Director, the Managing Director of Homeowner Programs, the Managing Director of Asset Management and Guarantee Programs, the Managing Director of Policy/Special Programs, and the Managing Director of Government Relations and External Affairs as Assistant Secretaries, for as long as they are employed in those capacities by Florida Housing, for the purpose of providing attestations and certifications of, and only one of them needs to attest

or certify, all documents necessary to effectuate the issuance of Bonds, including the execution of the Bonds and the security documents underlying the same, as necessary to effectuate the issuance of the Bonds and the closing of the transactions. Such designation and authorization shall be deemed to apply to the issuance of Bonds and the closing of the transactions from and the effective date hereof.

3. This resolution shall replace all prior resolutions delegating authority to execute documents in connection with the issuance of Bonds by Florida Housing.

4. This resolution shall take effect on July 21, 2023, (the "Effective Date").

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 21st day of July 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:_____________

RECEIVED
JUN 30 2023 3:10 PM
FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

Mandarin Trace Apartments, L.P.,
a Florida Limited Partnership,

Petitioner,

FHFC CASE NO. 2023-059VW
Application No. 2022-518C

v.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_______________________________________/

PETITION FOR WAIVER OF RULE 67-21.0025(7)(c), F.A.C. (07/06/2022)

Petitioner Mandarin Trace Apartments, L.P. (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing"), for a waiver of the requirement under Rule 67-21.0025(7)(c), F.A.C. (07/06/2022) that only natural persons (or trusts with natural person principals) be disclosed by or at the third principal disclosure level.[1] Petitioner has applied for non-competitive housing credits (the "Application") in conjunction with the rehabilitation of 120 affordable housing units at Mandarin Trace Apartments (the "Development"). Teachers Insurance and Annuity Association of America, through its wholly owned affiliate, TGA GP FL HoldCo LLC (together with their affiliates, collectively, "TIAA") would like to acquire an indirect interest in the general partner of Petitioner. Founded in 1918, TIAA, a New York-headquartered life insurance company, is a leading provider of financial services for the academic, research, medical, cultural and governmental fields and one of the largest retirement systems in the United States (based on

[1] Effective June 28, 2023, Rule 67-21.0025(7)(c)-(e), F.A.C., was revised to allow applicants requesting non-competitive housing credits, such as Petitioner, to request approval from Florida Housing to allow for disclosure of natural person Principals below the third disclosure level. Because that version of the Rule does not apply here, Petitioner respectfully requests a waiver.

assets under management). TIAA offers a wide range of financial services, including investment and banking advice and guidance and retirement services.

TIAA has a unique organizational structure[2] which, as a prospective principal of Petitioner, must be incorporated into Petitioner's principal disclosures if this petition is granted and acquisition of the Development is completed.[3] In consideration of the Rule, TIAA has used its best efforts to condense the levels of Petitioner's proposed organizational structure to the least number possible. *See* Proposed Organizational Structure, attached as Exhibit B. Nevertheless, incorporating TIAA into Petitioner's organizational structure results in additional principal levels

[2] Founded in 1918, TIAA is a New York stock life insurance corporation under New York Insurance Law and generally governed by New York corporations' law. TIAA has a corporate structure that is unique in comparison to similar present-day corporations, and has attributes of both a non-profit company and a mutual insurance company. TIAA's stock is held by the TIAA Board of Governors, a New York non-charitable, not-for-profit corporation. The TIAA Board of Governors holds no pecuniary rights in TIAA and has no right to TIAA's profits. Rather, under TIAA's Charter TIAA operates without profit to the corporation or its stockholders and under New York insurance law, TIAA's profits are retained by the company to enhance TIAA's capital base. In no event is any surplus or profits paid to TIAA's shareholder (*i.e.*, TIAA Board of Governors) or any member of the TIAA Board of Governors. From a governance perspective, the TIAA Board of Trustees ("TIAA Board") oversees management of TIAA. The TIAA Board delegates this authority to the officers of TIAA, who manage the day-to-day investments of TIAA and its wholly owned affiliates. TIAA's other layers are discussed in more detail at Section F, below.

[3] If this Petition is granted, the requested organizational structure change will not occur until the closing of the Florida Projects (*i.e.*, the closing of the transaction in which an indirect interest in Petitioner's general partner is purchased). Petitioner is submitting this Petition at this stage because the purchasers would like confirmation that this requested Rule waiver will be approved prior to completing acquisition of the indirect interest in Petitioner's general partner. The negotiations regarding the purchase of the indirect interest in the general partner are complete and the parties are ready to close. The only impediment to closing is gaining assurances that Florida Housing and the issuer are comfortable with Petitioner's proposed structure. For Mandarin Trace, Petitioner has already acquired the Development property and begun the rehabilitation. Thus, the closing on the acquisition of the indirect interest may occur at any time during construction or may occur after construction completion. Petitioner respectfully requests that the underwriter underwrite the housing credit transaction with regard to the current ownership reflected in the attached Exhibit A. When the transfer occurs, Petitioner will make a request to Florida Housing, and Florida Housing will request a recommendation letter from the underwriter, at which time the new entities in the transaction, identified in Exhibit B, will be vetted.

beyond Petitioner's current three disclosure levels, necessitating this petition. Although these additional levels are necessary for TIAA's corporate governance, to address the Rule's underlying purpose, TIAA proposes to install a Board of Managers at the fourth principal disclosure level, such that all natural persons, in their corporate capacity, having direct control over the daily management of the Development will be disclosed by the fourth level. *Compare* Current Organizational Structure, attached as Exhibit A with the Proposed Organizational Structure, attached as Exhibit B. Because Petitioner is unable to comply with the Rule, it respectfully requests a waiver. If the waiver is granted, the key persons responsible for overseeing the rehabilitation of the Development – and with whom Florida Housing has been working to date – will remain the same and will be in close contact with TIAA's Board of Managers.[4] In support of this Petition, Petitioner states as follows:

A. <u>The Petitioner.</u>

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

David Fleming
Mandarin Trace Apartments, LP
909 Third Ave, 21st Floor
New York, NY 10022
Phone: 646-502-7196
Fax: N/A
Email: dfleming@onyllc.com

2. The address, telephone, and facsimile number and e-mail address of Petitioner's counsel are:

Brian J. McDonough, Esq. | Bridget Smitha, Esq.

[4] If this Petition is granted, Petitioner's senior staff, as well as the property-level employees currently working on the Development will remain the same as part of the acquisition by TIAA. These current individuals will in turn provide regular updates to the TIAA Board of Managers about the Development.

Stearns Weaver Miller Weissler Alhadeff
& Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Stearns Weaver Miller Weissler
Alhadeff & Sitterson, P.A.
106 E. College Ave.
Suite 700
Tallahassee, Florida 32301
Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. <u>THE DEVELOPMENT.</u>

3. The following information pertains to the Development:

- Development Name: Mandarin Trace Apartments
- Development Address: 3960 Old Sunbeam Road, Jacksonville, FL 32257
- County: Duval
- Developer: OMP Mandarin Trace Apartments, LLC
- Number of Units: 120 (Acquisition and Rehabilitation)
- Demographic: Family
- Type: Garden Apartments
- Set Asides: 100% at or below 60% AMI
- Funding: $ 1,250,468.00 Non-Competitive HC funding request (annual amount)

C. <u>WAIVER IS PERMANENT.</u>

4. The waiver being sought is permanent in nature.

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

5. For Petitioner's principals to appear below the third principal disclosure level, Petitioner requests a waiver of Rule 67-21.0025(7)(c), F.A.C. (7/6/22), which provides:

> (7) Disclosure of the Principals of the Applicant must comply with the following:
>
> ***
>
> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons. . . .

Id.

E. STATUTES IMPLEMENTED BY THE RULE.

6. Rule 67-21.0025, F.A.C. (07/06/2022), implements, among other sections of the Florida Housing Finance Corporation Act (the "Act"):

- Section 420.509, Revenue bonds.
- Section 420.5099, Allocation of the low-income housing tax credit.

Per Section 420.5099(1)-(2), Florida Housing acts as the State's housing credit agency and is authorized to establish procedures for allocating and distributing low-income housing tax credits.

F. JUSTIFICATION FOR GRANTING WAIVER OF THE RULE.

8. Petitioner submitted Application No. 2022-518C for non-competitive housing credits on or about February 1, 2023.

9. As part of a larger transaction, TIAA intends to acquire the ownership interests in Omni Affordable Florida, LLC ("Omni FL"), which owns interests in the Florida affordable housing assets known as College Trace, Mandarin Trace, Oak Hammock, Emerald Place, and Gadsden Arms, and will soon also include Hollybrook Homes (collectively, the "Florida Projects").[5] The foregoing will be accomplished pursuant to that certain Securities Purchase Agreement, dated as of October 26, 2022 (the "Purchase Agreement"), whereby TIAA will acquire all of the issued and outstanding equity of Omni Holding Company and Omni FL resulting in TIAA becoming the indirect owner of 100% of the ownership interests in Omni FL.

10. However, the acquisition of the Florida Projects cannot occur without the requested waiver as the incorporation of TIAA within Petitioner's organizational structure will

[5] Hollybrook Homes, Mandarin Trace and Oak Hammock are located in Jacksonville; College Trace is in Pensacola; Emerald Place is in Titusville; and Gadsden Arms is located in Quincy.

cause principals to appear below the third level. As discussed in more detail below, despite simplifying TIAA's structure, TIAA's unique corporate structure prevents compliance with the Rule.

11. Through its wholly owned subsidiaries, TIAA specializes in acquisition, development and asset management across a diverse portfolio, including an affordable housing portfolio. This affordable housing portfolio is currently valued at more than $3,000,000,000 and consists of 140 distinct projects (approx. 20,000 apartment units) with an active footprint in 20 states. TIAA maintains its passionate vision to stimulate economic prosperity, build communities and enrich individual lifestyles by pioneering intelligent urban redevelopment projects. Under the guidance of a strong, experienced leadership team specializing in the revitalization and repositioning of multifamily properties, and leveraging achievements in housing, TIAA seeks opportunities to continue to grow its housing portfolio on a national scale while remaining in a stronger position as a full service vertically integrated national owner/operator. Its strategy is focused on community revitalization, prioritizing investments in early stage projects that help to increase the supply of affordable, sustainable and climate-safe housing in low-income and disadvantaged communities.

12. TIAA is preferred by many of the nation's premiere real estate development companies who appreciate its attentiveness to their needs and input. TIAA has the size, longevity, efficiency, and experience to provide sustainable, safe communities to low-income families and seniors. TIAA's advantage as an owner/operator is highlighted by the firm's well-capitalized investment capabilities along with quick, decision-making abilities. By focusing on the profitability and sustainability of each of its projects, TIAA has been able to provide safe and comfortable housing for those who need it most.

13. TIAA would like to expand its impact investment mission to include Florida affordable housing. With its initial acquisition, interests held by exiting Omni principals Eugene Schneur, Maurice Vaughn, and Robert Bennett in the Florida Projects will be conveyed to TGA GP FL Holdco LLC, a Delaware limited liability company ("GP Holdco"), which in turn will be wholly-owned by TGA GP Holdco Parent LLC, a Delaware limited liability company, which in turn will be wholly-owned by TIAA as depicted on the proposed structure chart attached hereto as Exhibit B. The Florida Projects will be owned by GP Holdco (the sole member and manager of Omni Affordable Florida, LLC, which will be the sole member and manager of Petitioner's general partner, if this Petition is granted).[6] The sole member and manager of the GP Holdco is TGA GP Holdco Parent LLC, whose sole member and manager is TIAA. As previously noted, TIAA's sole shareholder is TIAA Board of Governors, a not-for-profit corporation that does not operate as a typical stockholder.[7] The charter of TIAA Board of Governors specifies that its primary purpose is to hold the stock of TIAA.[8] TIAA does not issue dividends to TIAA Board of Governors. TIAA Board of Governors has members known as "Governors." The Governors

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[6] If the Petition is granted, 333 Meadow LLC and Aspire Properties LLC would no longer be members of Petitioner's general partner, Mandarin Trace Developers, LLC. *See* Exhibit B.

[7] TIAA Board of Governors is a non-charitable not-for-profit membership corporation established in 1937 and subject to the New York Not for Profit Corporation Law ("NYNPCL"). Under its constitution, the Board of Governors' primary purpose is to own and administer TIAA's stock and elect members of TIAA's governing board (the TIAA Board of Trustees), which has responsibility and authority to govern TIAA's affairs. The members of the Board of Governors (each a "Governor") manage the affairs of TIAA Board of Governors. Please see https://www.tiaa.org/public/about-tiaa/corporate-governance-leadership/tiaa-governors-trustees . As noted, neither the Board of Governors as a legal entity nor any individual Governor has a right to TIAA's profits. Rather, all surplus funds may be retained by TIAA to enhance its capital base or to distribute dividends to its policyholders.

[8] Andrew Carnegie founded TIAA to ensure the financial security of those in the higher education sector. The stock of TIAA was initially retained by Mr. Carnegie's foundation, the Carnegie Corporation. However, once the organization had a record of operating, the Carnegie Corporation determined to transfer the stock to a new body (then called the Trustees of TIAA Stock) composed of distinguished leaders of the higher education sector.

have neither a pecuniary interest in TIAA Board of Governors (the not-for-profit corporation) nor any direct or indirect entitlement to any profits of TIAA.[9] In other words, these members are not the direct or indirect (through TIAA Board of Governors) beneficial owners of TIAA.[10]

14. The TIAA Board of Trustees ("TIAA Board") functions much like a traditional corporate board of directors, overseeing management of TIAA. The TIAA Board delegates certain authority to the officers of TIAA, who carry out day-to-day investments of TIAA and its wholly owned affiliates. For the Florida Projects, including the Development, Pamela West, Nadir Settles and Patrick Li, in their capacity as members of the Board of Managers at the GP Holdco level, will, through the aforementioned mechanism of authority delegation, have broad authority to manage and govern the day-to-day affairs of GP Holdco and the Florida Projects.

15. To provide Florida Housing with comfort that the specifically designated individuals will remain in charge of the ultimate decision-making relative to the Development (and the other Florida Projects), the GP Holdco will, at all times, be governed by a Board of Managers comprised of Pamela West,[11] Nadir Settles,[12] and Patrick Li[13] – no additions or

[9] As noted, no profits or surplus are payable or distributable to TIAA's sole shareholder (*i.e.*, TIAA Board of Governors) nor to any member or trustee or officer of TIAA Board of Governors, nor to the TIAA's Board of Trustees or any of its members, nor to any officer of TIAA.

[10] Under its charter, TIAA operates without profit to its sole stockholder, TIAA Board of Governors.

[11] Pamela is a seasoned real estate professional with over 20 years of experience and has executed over $10B of transactions in acquisitions, dispositions, financing and asset management within the U.S. Prior to joining the team, Pamela was the Regional Head of Acquisitions and Asset Management for the Northeast and Mid-Atlantic region for TH Real Estate, a subsidiary of TIAA. She managed over $2.8B of housing assets. She began her career in real estate at CBRE. In addition to her professional activity, Pamela is a Board Member of the Real Estate Executive Council, Bold Charter Schools, and City Parks Foundation. She also serves on the Advisory Boards for Leonard W. Wood Center for Real Estate Studies, Veritas Impact Partners and Cooper Housing Institute. She is a member of the ULI Affordable Housing Investors Council and the Real Estate Roundtable's President Council and New York Women Executives in Real Estate. Pamela graduated with a bachelor's degree in English Education from the University of

substitutions to the Board of Managers will occur without notice to Florida Housing and obtaining Florida Housing's consent to such change. Thus, although TIAA's principal disclosures extend for several levels, the natural persons proposed to be vetted by Florida Housing (*i.e.*, GP Holdco's Board of Managers, consisting of Pamela West, Nadir Settles, and Patrick Li), which will be responsible for overseeing the management of the Development, would appear at the fourth level if this Petition is granted.[14]

16. Under Section 120.542(1), *Fla. Stat.,* 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

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North Carolina at Greensboro and an M.B.A. in Real Estate and Finance from the University of North Carolina at Chapel Hill.

[12] Nadir's experience includes various positions including asset management, portfolio management, acquisitions, and product development. Prior to joining Nuveen Real Estate in 2012, Nadir was involved in both asset management and acquisitions roles at Silverstein Properties and RLJ development Urban Lodging Trust (formally RLJ Development LLC). Nadir graduated with a B.A in Business Administration from St. John's University, an M.B.A. from Villanova School of Business and an M.S. in Real Estate Finance from New York University.

[13] Patrick has 10 years of experience in commercial real estate investment, and since joining Nuveen Real Estate in 2013 has executed over $4B in acquisitions, financing, and dispositions in various asset types across the U.S. Patrick actively serves on the Board of Directors of Urban Pathways, a non-profit organization that provides housing and services to the adult homeless population in the New York City metro area. He is also on the Advisory Council of Real Estate Ascending Leaders and the Advisory Board of the Manhattan chapter of AREAA. Patrick holds a B.A. in Economics and Mathematics-Statistics and an M.A. in Mathematics of Finance from Columbia University, and a Graduate Certificate in Real Estate from New York University.

[14] TIAA has a Board of Trustees and acts through its officers through a delegation of corporate authority. This delegation of authority results in Pamela West, Nadir Settles, and Patrick Li having the authority to manage on a day-to-day basis the investments of the Florida Projects. The Trustees of TIAA and the Governors of the TIAA Board of Governors are not involved in the day-to-day investment management decisions as this is delegated to the officers of the business line in question and they do not in the normal course sign documents related to any of TIAA's investments.

application of the rule would: (1) create a substantial hardship or, violate principles of fairness,[15] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

17. It is Petitioner's understanding that one of the major purposes of the principal disclosure requirement (*i.e.,* the requirement to identify all natural persons by or at the third level) is to prevent a "shell game" whereby Florida Housing is unable to identify the individuals in charge of the affected housing development. If this Petition is granted, the natural persons responsible for the day-to-day operations and management will be disclosed by the fourth level and will not change without Florida Housing's written consent. Accordingly, granting the Petition should not impact Florida Housing's confidence in Petitioner, its principals, or the integrity of its ownership structure. The waiver, if granted, will merely relieve Petitioner of the impossible task of changing the corporate governance structure of TIAA that has controlled TIAA's operations for decades and which remains integral to TIAA's global operations. Because all natural persons having management or control over the Development will be disclosed, granting the requested waiver will prevent a substantial and unfair hardship from being imposed on Petitioner while still achieving the underlying purpose of the Rule.

18. One of the other major goals of the Rule is for the federal and state allocated resources of Florida Housing to be used to facilitate the availability of decent, safe and sanitary housing in Florida to low-income persons. The Act (Section 420.501, *et sq*.) was passed in order

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[15] "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. § 120.542(2), Fla. Stat.

to create inducements and opportunities for private and public investment in rental housing to increase and preserve the supply of affordable housing for low-income persons and households.

19. If the Petition is denied, TIAA will not be able to acquire Omni FL, the owner of the Florida Projects, and would result in an exclusion of TIAA from the Florida affordable housing LIHTC market. Accordingly, Petitioner would be unable to marshal TIAA's resources and expertise to further its mission to positively impact affordable housing in Florida.[16] Compliance with the Rule would create a substantial economic hardship by altering Petitioner's transaction structure in a manner that would terminate the proposed transactions with respect to the Florida Projects because TIAA would no longer be able to participate in the instant transaction with respect to the Florida Projects and would be precluded from any participation in the Florida affordable housing LIHTC market. Further, given TIAA's unique structure and corporate governance, the requested waiver should not create precedent that can be readily relied upon by other institutions to undermine the purpose of the Rule. Rather, the Rule would be undermined if it is strictly enforced to exclude an otherwise reputable, ethical, and mission-oriented institution from the opportunity to serve Florida affordable housing imperatives. In light of TIAA's vast real estate investment holdings in Florida, spanning other sectors and asset classes, it would be unreasonable and unfair to exclude TIAA from the Florida affordable

[16] For example, if the Petition is denied, Petitioner would not have access to TIAA's resources. TIAA is a pioneer in impact investing and remains competitively positioned to deliver a market-leading sector globally and at scale. Under Nadir Settles and Pamela West's leadership, the strategy will be to continue leveraging TIAA's industry expertise and go beyond just affordable housing to focus its attention on community revitalization. Working as partners, local communities and real estate owners can meet shared objectives and tackle local challenges, from sustainability and mitigating climate risk, to healthcare, housing, and social exclusion. With a strong sense of purpose stemming from a desire to see communities prosper, TIAA has consistently established strong P3's with various philanthropy groups and encourages a business culture deeply rooted in improving the surrounding environment. Focusing on long-term relationships and strategic market growth opportunities, TIAA intends to continue actively expanding its multifamily housing portfolio and partnerships.

housing sector simply because its unique corporate structure does not fit squarely within the Rule. The requested waiver will not adversely impact the Development or Florida Housing.

20. For the foregoing reasons, Petitioner meets the standards for the requested waiver.

G. ACTION REQUESTED.

21. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested permanent waiver such that the acquisition may move forward and Petitioner may adopt the Proposed Organizational Structure attached as Exhibit B upon closing on the purchase of the indirect interest; (ii) grant this Petition and all relief requested herein; and (iii) grant such further relief deemed appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com
Counsel for Petitioner

By: ___*/s/ Brian J. McDonough*_______________
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

This Petition is being served by electronic transmission for filing with the Clerk for the Florida Housing Finance Corporation, CorporationClerk@FloridaHousing.org, with copies served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 30th day of June, 2023.

By: ___*/s/ Brian J. McDonough*___________
Brian J. McDonough, Esq.

Exhibit A - Current Organizational Structure

Current Organizational Chart

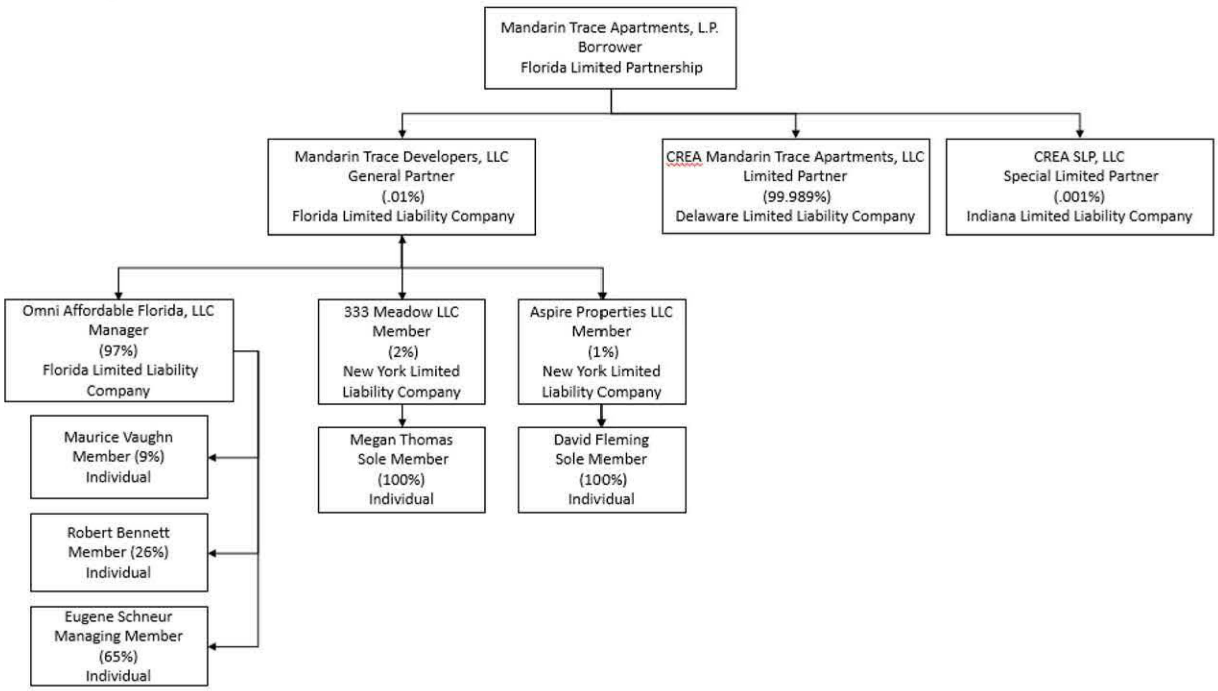
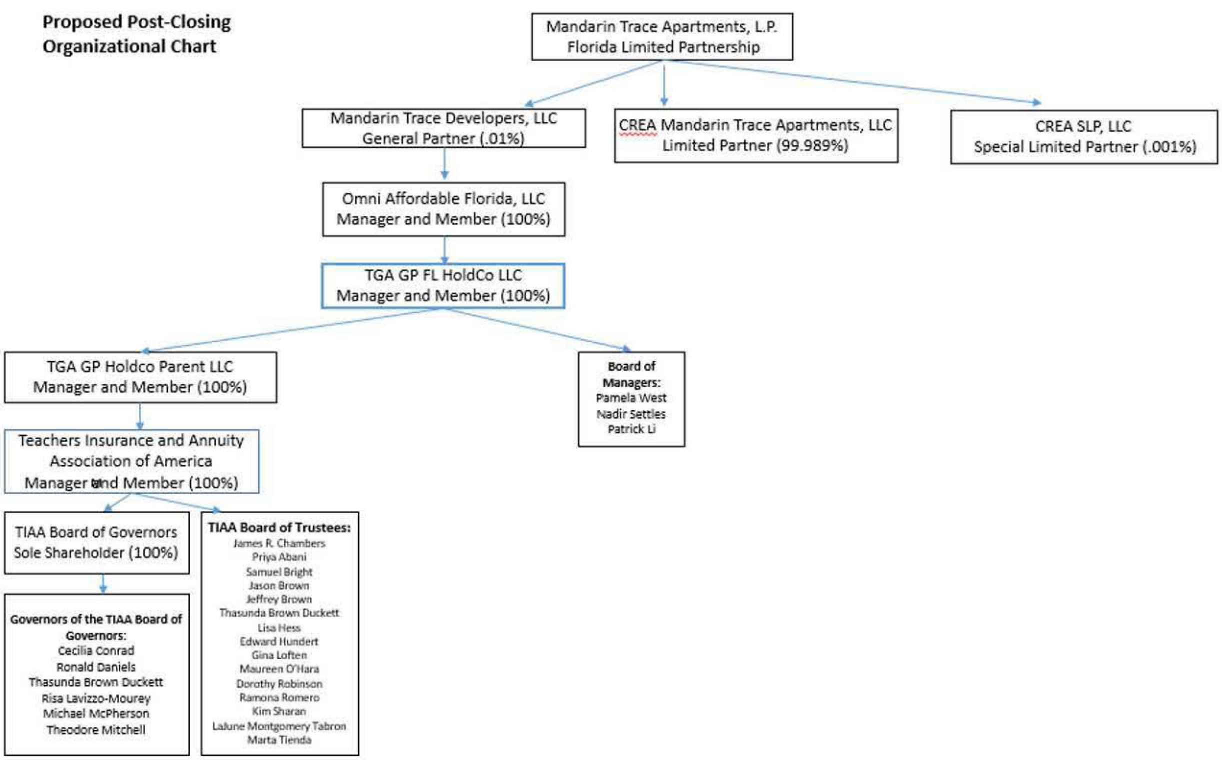


Exhibit B - Proposed Organizational Structure

Proposed Post-Closing Organizational Chart



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FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

PARKWOOD PLAZA APARTMENTS, LTD.,
a Florida limited partnership,

Petitioner,

v.

FHFC CASE NO. 2023-058VW
Application No. 2023-254V (2021-112B)
RFA 2023-211

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.
_________________________________/

AMENDED[1] PETITION FOR WAIVER OF RULE 67-21.003(11), F.A.C. (05/18/2021)

Parkwood Plaza Apartments, Ltd. (the "Petitioner") by and through its undersigned counsel, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing") for a waiver of Rule 67-21.003(11), Florida Administrative Code ("F.A.C.") (eff. 05/18/2021) (the "Rule"), which provides that the withdrawal by the Applicant from any one program will be deemed by the Corporation to be a withdrawal of the Application from all programs." While the development was originally induced for bonds by the Orange County Housing Finance Authority ("OCHFA") in 2021, a 2022 allocation was not available for that region. The development was subsequently induced by Florida Housing in the second quarter of 2022. However, the OCHFA subsequently advised Petitioner that sufficient bond capacity now exists in the region and that OCHFA was able to secure a regional allocation for the development. Petitioner therefore respectfully requests a Rule waiver so that Petitioner may withdraw from the Florida Housing-Issued bonds (to instead use the OCHFA-issued bonds) without also withdrawing from RFA 2023-211, the Construction Inflation Response Viability Funding ("CIRVF"). If granted,

[1] This petition has been amended solely to revise paragraph 20(i).

OCHFA will issue the bonds, while preserving Florida Housing's bond allocation to fund additional projects.

In further support of this request for Rule waiver, Petitioner states as follows:

A. <u>THE PETITIONER</u>

1. The address, telephone, facsimile numbers and e-mail address for Petitioner and its qualified representative are:

Parkwood Plaza Apartments, Ltd.
Attn: Russell Condas
Lincoln Avenue Capital
401 Wilshire Blvd. Suite 1070
Santa Monica, CA 90401
Telephone: (424)222-8258
rcondas@lincolnavecap.com

2. The address, telephone, and facsimile number and e-mail address of Petitioner's counsel is:

Brian J. McDonough, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street
Suite 2200
Miami, Florida 33130
Telephone: 305-789-3350
Fax: 305-789-3395
Email: Bmcdonough@stearnsweaver.com

Bridget Smitha, Esq.
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
106 E. College Ave.
Suite 700
Tallahassee, Florida 32301
Telephone: 850-329-4852
Fax: 850-329-4864
Email: BSmitha@stearnsweaver.com

B. <u>WAIVER IS PERMANENT</u>

3. The waiver being sought is permanent in nature.

C. <u>DEVELOPMENT BACKGROUND.</u>

4. Petitioner provides the following information related to the development ("<u>Development</u>"):

- Development Name: 52 at Park
- Development Address: 3255 W Colonial Dr, Orlando, FL 32808

- County: Orange
- Developer: Parkwood Plaza Developer LLC
- Number of Units: 300 new construction
- Type: 8 three-story garden style buildings, 1 four-story midrise building, and a stand alone club house
- Set Asides: 100% of units at 60% AMI or less
- Demographics: Family
- Funding: $4,621,250 Non-Competitive HC funding request (annual amount); $4,300,000 CIRVF; $55,500,000 OCHFA bonds

D. THE RULE FROM WHICH WAIVER IS REQUESTED

5. At the time of Petitioner's application, the Rule provided in relevant part: " The withdrawal by the Applicant from any one program will be deemed by the Corporation to be a withdrawal of the Application from all programs." *See* Rule 67-21.003(11), F.A.C. (05/18/2021).

E. STATUTE IMPLEMENTED BY THE RULE.

6. The Rule implements, among other sections of the Florida Housing Finance Corporation Act (the "Act"): Section 420.5099, Allocation of the low-income housing tax credit; Section 420.502, Legislative findings; Section 420.507, Powers of the corporation; Section 420.508, Special powers; multifamily and single-family projects; and Section 420.509, Revenue bonds.

F. JUSTIFICATION FOR GRANTING WAIVER OF THE RULE.

7. The Development was originally induced for bonds by the OCHFA in 2021.

8. Unfortunately, a 2022 allocation was not available for that region.

9. Petitioner applied for, and Florida Housing issued, Multifamily Mortgage Revenue Bond and 4% non-competitive bonds in January of 2022. *See* Original Application 2021-112B.

10. The Project was subsequently induced by Florida Housing upon approval of the execution of the Acknowledgement Resolution at the Board's April 29, 2022 meeting.

11. On May 17, 2023, Petitioner submitted application number 2023-254V in response to RFA 2023-211 (Construction Inflation Response Viability Funding).

12. On June 14, 2023, Petitioner received a Notice of Preliminary Award for Viability Funding.[2]

13. Petitioner was recently informed by the OCHFA that there now exists sufficient bond capacity in the region and that OCHFA was able to secure a regional allocation for the Development.

14. The project has experienced substantial cost increases that have strained feasibility. Construction hard costs have increased and interest rates on Petitioner's construction financing and equity bridge loan have sharply increased causing it to require a much larger interest reserve for both throughout the construction period. Additionally, Petitioner's permanent interest rate increases have reduced its available mortgage proceeds.

15. Petitioner therefore respectfully requests a Rule waiver. If granted, Petitioner would utilize the local bond cap and to preserve Florida Housing's bond allocation to fund additional projects.

[2] The Notice of Preliminary Award states that the credit underwriter assigned to the Development is AmeriNat. However, Petitioner respectfully requests reassignment to Seltzer Management Group, Inc. (“Seltzer”) since Seltzer will be completing the credit underwriting for OCHFA.

16. Under Section 120.542(1), *Fla. Stat.,* 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 principles of fairness,[3] and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), Fla. Stat.

17. If the requested waiver is not granted, Petitioner will suffer a substantial and unnecessary economic and operational hardship. Specifically, denial of the waiver would delay the closing, which would delay beginning the construction of 300 new affordable units. That delay would increase construction inflation and interest rate risk, which could jeopardize the Development's feasibility. In addition, it would result in less bond allocation for Florida Housing that could be used to fund other developments. By approving the request, Florida Housing can ensure that bond allocation is being used as efficiently as possible to maximize the production and preservation of affordable housing, while expediting the closing and development timeline for 300 new affordable units. Thus, the requested waiver is consistent with RFA 2023-211 – Construction Inflation Response Viability Funding, which specifically includes a Quick Close Incentive to prioritize projects that can close and file a Notice of Commencement more quickly this year.

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[3] "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. § 120.542(2), Fla. Stat.

18. In this instance, Petitioner meets the standards for the requested waiver. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that 300 affordable housing units will be preserved and made available for the target population in Orange County, Florida. 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.

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

G. <u>ACTION REQUESTED</u>

20. For the reasons set forth herein, Petitioner respectfully requests Florida Housing: (i) grant the requested permanent waiver and allow Petitioner to withdraw from the Florida Housing-issued bonds (to instead utilize the OCHFA allocation) without withdrawing from the Non-Competitive 4% Housing Credits and CIRVF award; (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, 22nd Floor
Miami, Florida 33131
Tel: (305) 789-3350
Fax: (305) 789-3395
E-mail: bmcdonough@stearnsweaver.com

Counsel for Petitioner

By: */s/ Brian J. McDonough*
BRIAN J. MCDONOUGH, ESQ.

CERTIFICATE OF SERVICE

This Petition is being served by electronic transmission for filing with the Florida Housing Clerk for the Florida Housing Finance Corporation, CorporationClerk@floridahousing.org, with a copy served by U.S. Mail on the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 5th day of July, 2023.

By: ___*/s/ Brian J. McDonough*____________
Brian J. McDonough, Esq.

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

FHFC CASE NO. 2023-060VW_
APPLICATION NO.: 2022-104B

KISSIMMEE LEASED HOUSING ASSOCIATES III, LLLP
Petitioner
vs.

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FLORIDA HOUSING FINANCE CORPORATION

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________________________/

PETITION FOR WAIVER OF RULE 67-21.003(1)(b) AND NON-COMPETITIVE APPLICATION PACKAGE (REV. 04-2022)

Pursuant to section 120.542, Florida Statutes, and Chapter 28-104, Florida Administrative Code, KISSIMMEE LEASED HOUSING ASSOCIATES III, LLLP, a Minnesota limited liability limited partnership ("Petitioner"), by and through its undersigned counsel, hereby petitions FLORIDA HOUSING FINANCE CORPORATION (the "Corporation") for a waiver of the prohibition, pursuant to the Non-Competitive Application Package (REV. 04-2022) (the "Application"), as such is incorporated into Rule 67-21.003(1)(b), F.A.C. (2022), against Applications requesting Corporation-issued MMRB with 4 percent HC from proposed developments exceeding 300 units (the "Unit Restriction"). This Petition is filed pursuant to Section 120.542 of the Florida Statutes and Chapter 28-104, Florida Administrative Code. In support of this Petition, Petitioner states as follows:

A. THE PETITIONER

1. The address, telephone number and e-mail address of Petitioner are:

Kissimmee Leased Housing Associates III, LLLP
401 E Jackson St., Suite 3300
Tampa, Florida 33602
Attn: Devon Quist
Telephone: (813) 582-4261
Email: devon.quist@dominiuminc.com

2. For purposes of this Petition, the address, telephone number, facsimile number and e-mail address of Petitioner's counsel are:

David F. Leon, Esq.
Nelson Mullins Riley and Scarborough LLP
390 N. Orange Ave., Suite 1400
Orlando, Florida 32801
Telephone: (407) 669-4276
Facsimile: (407) 650-0979
Email: david.leon@nelsonmullins.com

B. THE DEVELOPMENT

3. The Petitioner requested multifamily mortgage revenue bonds and 4% housing credits for financing to construct a development located in Poinciana, Florida. This application was originally submitted under Dominium Poinciana Family, which was reinstated and the Development Name was subsequently changed to Maison at Solivita Marketplace (the "Development"). The proposed Development would consist of 396 units.

C. THE RULE FROM WHICH WAIVER IS SOUGHT

4. Petitioner requests a waiver from Rule 67-21.003(1)(b), F.A.C. (2022) which adopts and incorporates the Non-Competitive Application Package (Rev. 04-2022) (the "Rule"). Specifically, Petitioner is seeking a waiver from Section A.9(a) of the Non-Competitive Application Package, which prohibits proposed developments requesting Corporation-issued

MMRB with 4 percent HC with a development category of new construction from exceeding 300 total units.

5. Rule 67-21.003(1)(b), F.A.C. (2022) provides, in relevant part:

> (b) If the NC Award will not be made available through the competitive solicitation funding process outlined in rule Chapter 67-60, F.A.C., the Applicant shall utilize the Non-Competitive Application Package in effect at the time the Applicant submits the Application. The Non-Competitive Application Package or NCA (Rev. 04-2022) is adopted and incorporated herein by reference and consists of the forms and instructions available, without charge, on the Corporation's website under the Multifamily Programs link labeled Non-Competitive Programs or from **********.flrules.org/Gateway/reference.asp?No=Ref-14387, which shall be completed and submitted to the Corporation in accordance with this rule chapter.

6. Section A.9.(a) of the Non-Competitive Application Package provides, in relevant part:

> a. State the total number of units in the proposed Development.
>
> Note: The following unit limit applies only to Applications requesting Corporation issued MMRB with 4 percent HC:
>
> Proposed Developments with a Development Category of new construction, Redevelopment, or acquisition and Redevelopment **may not exceed 300 total units**. (emphasis added)

D. STATUTES IMPLEMENTED BY THE RULE

7. The Rule is implementing, among other sections of the Florida Housing Finance Corporation Act, the statute that created the Housing Tax Credit Program and the Multifamily Mortgage Revenue Bonds Program. *See* §§ 420.509, 420.5099, *Fla. Stat.* (the "Statute").

8. The Corporation has the authority pursuant to Section 120.542(1), Florida Statutes, and Chapter 28-104, F.A.C., to grant waivers to its rule requirements when strict application of

such rules would lead to unreasonable, unfair and unintended results in particular instances. Waivers shall be granted when the person 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. § 120.542(2), *Fla. Stat*.

E. JUSTIFICATION FOR GRANTING THE WAIVER

9. Petitioner is seeking a waiver of the Rule that prohibits them from requesting Corporation-issued Multifamily Mortgage Revenue Bonds (MMRB) with 4 percent Housing Credit (HC) financing for a proposed development that exceeds 300 units. The Petitioner intends to restrict 100% of the units at 60% of the Area Median Income (AMI), and the project is nearly ready for construction, with a planned closing in September of this year, thanks to an existing index lock agreement. The Petitioner acquired the land in July 2022 and has already started the bidding process with local subcontractors for the architectural plans.

10. The current Rule requires developments with over 300 units to seek financing in two separate phases. This necessitates having one owner, two bond issuances, and the accompanying legal documentation, two 42M letters, and one Limited Partner Agreement. Additionally, both phases would need to meet compliance requirements, including unit inspections and tenant file reviews, effectively doubling the project's costs.

11. Due to recent increases in construction prices and a 200 basis points (bp) rise in the 10-year treasury rate over the past few months, having a larger number of units is crucial for the financial feasibility of this Project, based on economies of scale. We can provide a market study to support this claim. Economies of scale play a vital role in the financial viability of the Project due to various fixed costs associated with construction, such as the clubhouse, playground,

maintenance shed, signage, furniture, fixtures, and equipment (FF&E), fitness equipment, etc. Additionally, there are fixed costs related to financing fees and professional services. By spreading these costs over more units, the additional revenue generated from rent and other income offsets the expenses.

12. Enforcing the Unit Restriction would result in substantial excessive costs and lost revenue for the Petitioner. If the Project were reduced from 396 to 300 units, mortgage proceeds would decrease by $12,540,000. Moreover, development costs per unit would increase. With 396 units, the development costs per unit amount to $419,131, whereas with 300 units, it would rise to $433,327. Consequently, the Petitioner would have to bear additional costs of $14,196 per unit for a 300-unit project. Since this Project is financed solely through bonds and housing credits, subsidy would be required to cover the additional development costs and revenue loss.

13. In this particular case, the Petitioner satisfies the criteria for a waiver of the Rule. The Corporation has the authority, as per Section 120.542(1) of the Florida Statutes, to grant relief from its rules if strict application would lead to unreasonable, unfair, or unintended outcomes in specific instances. Unless the Rule is waived to allow the proposed changes outlined above, the Petitioner and the Development would face significant hardships and encounter unreasonable and unintended consequences. To avoid the logistical and financial challenges mentioned above, the Petitioner requests a waiver to exceed the maximum number of units requirement. Granting this waiver would enable the applicant to provide more affordable housing options to the State of Florida.

14. The requested waiver of the Rule serves the purpose of the Statute that is implemented by the Rule. The Florida Housing Finance Corporation Act (Section 420.501, et seq.) was passed in order to encourage private and public investment in facilities for persons of

low-income. The purpose of the creation of the Housing Tax Credit Program and Multifamily Mortgage Revenue Bonds Program is to stimulate creative private sector initiatives to increase the supply of affordable housing. Within Poinciana, there are only three existing LIHTC projects, one of which is restricted to 55+ residents and another consisting of affordable and market rate units. By granting this waiver and permitting Petitioner to construct a 396-unit development, as requested in this Petition, the Corporation would recognize the goal of increasing the supply of affordable housing through private investment in persons of low-income.

F. WAIVER IS PERMANENT

15. The waiver being sought is permanent in nature.

G. ACTION REQUESTED

16. For the reasons set forth herein, Petitioner respectfully requests the Corporation (i) grant the requested waiver of Section A.9(a) of the Application, as such is incorporated by Rule 67-21.003(1)(b), F.A.C., (ii) grant the Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted on the 5th day of July, 2023.

Respectfully submitted,

Yisell Rodriguez

Yisell Rodriguez, Esq.
Fla. Bar No. 117915
David F. Leon, Esq.
Fla. Bar No. 053929
NELSON MULLINS RILEY & SCARBOROUGH LLP
390 N. Orange Avenue, Suite 1400
Orlando, Florida 32801
Telephone: (407) 669-4200
Facsimile: (407) 425-8377
Email: yisell.rodriguez@nelsonmullins.com
david.leon@nelsonmullins.com
COUNSEL FOR PETITIONER

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Petition was filed 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

The 5th day of July, 2023.

By: Yisell Rodriguez
Yisell Rodriguez, Esq.
Fla. Bar No. 117915

From: Marisa Button
To: Betty Zachem; Ethan Katz; Melissa Levy
Subject: Fwd: OBJECTION TO Southwick Commons LTD PETITION FOR WAIVER
Date: Sunday, July 9, 2023 10:50:46 AM
Attachments: We sent you safe versions of your files.msg
2023.04.18 Marisa Button FHFC Director Multifamily Programs.pdf
20223.06.13 Gov Desantes ltr.pdf

FYI

Get Outlook for iOS

From: Angie Pewsey <angpewsey@gmail.com>
Sent: Sunday, July 9, 2023 10:45:52 AM
To: mfacella@bankofamerica.com <mfacella@bankofamerica.com>; RBenson@avabuilder.com <RBenson@avabuilder.com>; david.hall@floridamoves.com <david.hall@floridamoves.com>; Dev Motwani <Dev@merrimacventures.com>; larry.cretul@gray-robinson.com <larry.cretul@gray-robinson.com>; Sandra Einhorn <sandra@npobroward.org>; Meredith.ivey@dea.myflorida.com <Meredith.ivey@dea.myflorida.com>
Cc: Michael DiNapoli <Michael.DiNapoli@floridahousing.org>; Marisa Button <Marisa.Button@floridahousing.org>
Subject: OBJECTION TO Southwick Commons LTD PETITION FOR WAIVER

OBJECTION TO PETITION FOR WAIVER OF RULE 67-48.0072(21}{b) by Southwick Commons, Ltd., RFA 2020-205 Application Number 202 l-269SN │ FHFC Date stamped June 26, 2023

RE: LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – GRANT FORM:

> Southwick Commons, LTD did not seek proper approval for this project from the local government, which is the City of Apopka. Instead, Southwick Commons, LTD bypassed the local government; had the Orange County official sign The LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – GRANT FORM and obtained a $75,000 grant from Orange County, FL. SHIP Funds.

The property purchased by Southwick Commons, LTD from Taurus Apopka City Center, LLC [11/02/2021 Special Warranty Deed DOC # 20210680770] is encumbered by a Development Agreement and Deed Restrictions tied to the land; this agreement and restrictions transfer from seller to purchaser. Both parties were well aware of these encumbrances at the time of purchase. Southwick Commons did not advise FHFC of these complicating factors during RFA 2020-205 Application Number 202 l-269SN processing.

The reasons and good cause set forth in item # 13 of Southwick's most recent petition of waiver are not truthful. Any delay in the permitting process has been caused by Southwick Commons LTD and their resistance to certain requirements of the Development Agreement (i.e. luxury amenities, balconies); their own slow responses and attempted manipulations of the development/permitting process.

Example: In an effort to secure 195 units where density limitations allowed 192, Southwick's lawyer applied for Ordinance 3000. Southwick's backdoor effort was to increase density on the property they already own by obtaining development rights on a portion of a .36 acre low density lot contiguous to its southern border; thereby adding property that was not included in RFA 2020-205 Application Number 202 l-269SN to this project and circumvent zoning. Ordinance 3000 was denied by the Planning Commission 3/14/2023, came before the City Council for consideration 4/5/2023 and was withdrawn at that meeting by Ms. Wilson when she received word that their waiver request from Orange County for 192 units had been approved. This type of maneuvering causes processing delays for all involved and is not discriminatory.

Apopka staff advises us of the following as of 7/6/2023:

- Construction Site Plan is approved; and the letter is being drafted to that effect.
- Southwick has submitted building permit applications and plans that have not yet been approved.
- Impact fees due have been discussed with Southwick.
- Southwick must complete their pre-construction meeting with the City Engineer before work on the site can begin.
- Southwick has been informed that the southern heavily wooded area (of their property) will need to have the underbrush cleared out and the homeless camps removed due to trespassing.

It is apparent that the RFA process and certain FHFC forms have been misused by Southwick Commons, LTD. **They did not have proper LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION or proper SITE CONTROL CERTIFICATION when they were granted FHFC funding.** They have misappropriated the FHFC LOCAL GOVERNMENT VERIFICATION THAT DEVELOPMENT IS CONSISTENT WITH ZONING AND LAND USE REGULATIONS and VERIFICATION OF AVAILABILITY OF INFRASTRUCTURE forms to misrepresent the fact that they did not have proper local government approval or full support of their project. **<u>These forms need to be revised to prevent this type of misuse!</u>**

Respectfully, we request that the FHFC Board refrain from granting any further waivers, extensions or variances for Southwick Commons LTD and their Multifamily development project in Apopka, FL.

Sincerely,

Angela Pewsey

Secretary/Treasurer

Charter Oaks HOA

744 S Christiana Ave.

Apopka, FL 32703

684-234-6976

Attachments: 2023.04.18 Marisa Button FHFC Director Multifamily Programs

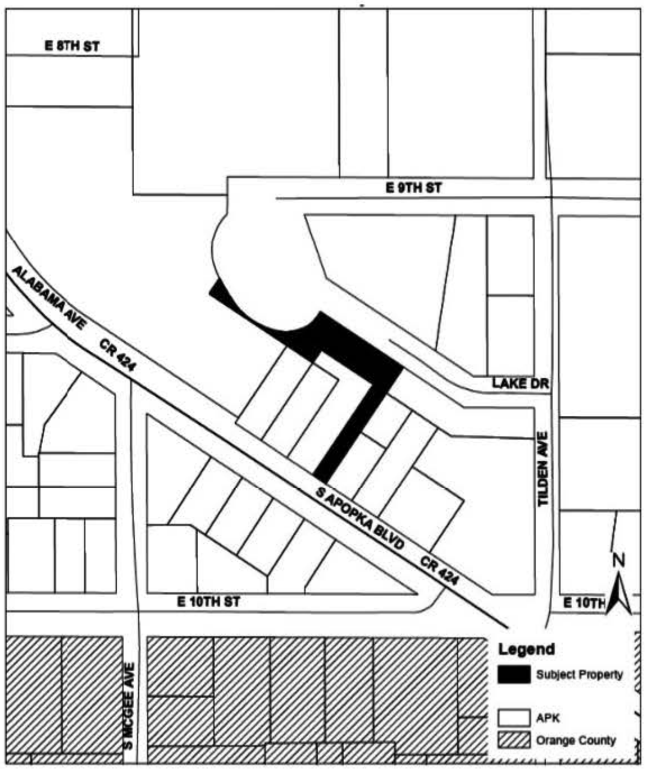
2023.06.12 letter to Gov DeSantis

2023.04.05 Ordinance 3000

PUBLIC HEARING NOTICE SMALL-SCALE FUTURE LAND USE AMENDMENT CITY OF APOPKA

NOTICE is hereby given pursuant to Secs. 163.3184 and 166.041(3)(c), Florida Statutes and the Apopka Code of Ordinance, Part III, Land Development Code, Article II, Section 2.4.7.B, that **REBECCA WILSON, ESQ.** has made an application to the City of Apopka Planning Commission and the City Council for a **CHANGE IN THE FUTURE LAND USE DESIGNATION FROM RESIDENTIAL LOW TO MIXED-USE FOR 0.19 +/- ACRES.** This application relates to the following described property:

ORDINANCE NO. 3000
AN ORDINANCE OF THE CITY OF APOPKA, FLORIDA, AMENDING THE FUTURE LAND USE ELEMENT OF THE APOPKA COMPREHENSIVE PLAN OF THE CITY OF APOPKA; CHANGING THE FUTURE LAND USE DESIGNATION FROM RESIDENTIAL LOW TO MIXED-USE FOR A PORTION OF CERTAIN REAL PROPERTY GENERALLY LOCATED NORTH OF APOPKA BOULEVARD, SOUTH OF LAKE DRIVE AND WEST OF TILDEN AVENUE, OWNED BY BHURASINGH KESHIA WARREN, COMPRISING 0.19 ACRES, MORE OR LESS, PROVIDING FOR SEVERABILITY; AND FOR AN EFFECTIVE DATE.



Parcel Identification Number: 15-21-28-2956-00-010 (portion of)
Contains: 0.19 +/- acre

Notice is given that the City of **Apopka Planning Commission** will hold a public hearing to consider Ordinance No. 2961 at its regularly scheduled meeting in the City Council Chambers of the Apopka City Hall, 120 E. Main Street, Apopka, Florida on **Tuesday, March 14, 2023 beginning at 5:30 P.M.** or as soon thereafter as possible.

FURTHER NOTICE is given that a public hearing for Ordinance No. 2961 will be held by the **City of Apopka City Council** at its regularly scheduled meeting in the City Council Chambers of the Apopka City Hall, 120 E. Main Street, Apopka, Florida on **Wednesday, April 5, 2023 beginning at 1:30 P.M.,** and **Wednesday, April 19, 2023 beginning at 7:00 P.M.** or soon thereafter.

Affected parties and the public may appear at the above listed hearings to speak. The proposed Future Land Use Application can be inspected at the Apopka Community Development Department located at Apopka City Hall on weekdays between the hours of 8:00 a.m. and 4:30 p.m. City Hall address shown below. Please be advised that, under State law, if you decide to appeal a decision made with respect to this matter, you will need a record of the proceedings and may need to ensure that a verbatim record is made, which record includes the testimony and evidence upon which the appeal is to be based. In accordance with the Americans with Disabilities Act (ADA), persons with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk's Office at 120 East Main Street, Apopka FL 32703, Telephone: 407-703-1704, no less than 48 hours prior to the proceeding.

Apopka City Council
Apopka Planning Commission
Community Development Department

February 24, 2023

Publish: The Apopka Chief **173221**

April 18, 2021

TO: Marisa Button (FHFC Director of Multifamily Programs) marisa.button@floridahousing.org
RE: PETITION FOR WAIVER OF RULE 67-48.004(3)(i)
FHFC CASE NO.: 2023-030VW Application No.: 2021-269SN Southwick Commons Apopka
FROM: Angela Pewsey angpewsey@gmail.com

Dear Ms. Button,

I am a resident/homeowner in a neighborhood of 20 individually owned homes, Charter Oaks Subdivision, Apopka, FL. My husband and I purchased the last lot to be developed in 1985. We designed, built our home, and moved our family of four in during summer 1986. Our daughter is a 1995 graduate of Apopka High School, formerly owned her own business, now semi-retired. Sadly, our son died from complications of Leukemia. His ashes now rest in the courtyard of Church of the Holy Spirit three blocks from our home. Perhaps needless to say, we've invested our lives here in Apopka and care deeply about this community.

I serve as Secretary/Treasurer of Charter Oaks HOA, a voluntary position; so too, our President Joanna Violante. We operate on a scant budget and are governed by original 1980 Covenants & Restrictions. Area development has heightened concerns of our normally laid back HOA. We are compelled to let you know local residents oppose (some quite passionately) the Southwick Commons Multifamily development in Apopka City Center. **Respectfully, we ask FHFC Board to refrain from granting any further extensions for this project.**

Our request is not based on typical NIMBY response or reasoning, but valid concerns over the welfare of local residents, our neighborhood and ardent desire for successful development of Apopka City Center as envisioned by the diverse peoples of Apopka. We hope the following gives you a clear understanding of our stance and the significant investment devoted to GROW APOPKA 2025 VISION 2016-2025 that resulted in Resolution 2016-13:

In June of 2015, the Apopka City Council engaged Keith and Schnars (K&S) to prepare a strategic vision plan. The project was branded "Visioning Apopka." An important goal for the City Council was to ensure that everyone would have an opportunity to participate and to have a voice in deciding how Apopka will look and function over the next ten years and beyond. The visioning process empowered those who live and work in the community to share what is important to them about Apopka: What makes the community special? What can be done better? What should the future look like?

Representatives from the City, the Steering Committee, business owners, residents, civic, institutional, non-profit organizations, and other interested parties joined together and dedicated many hours of hard work in the development of the resulting vision plan: Grow Apopka 2025. We would like to thank everyone for their excellent work and commitment to the future of the City of Apopka.

RESOLUTION 2016-13

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF APOPKA, FLORIDA, PROVIDING FOR THE APPROVAL AND ADOPTION OF THE STRATEGIC "GROW APOPKA 2016-2025 VISION PLAN".

WHEREAS, the Apopka City Council, with the assistance of a professional facilitator, engaged in a process to define and refine a vision and strategic plan for the City, and

WHEREAS, the City Council participated in strategic planning sessions to develop a Vision and Strategic Plan; and

WHEREAS, the Grow Apopka 2016-2025 Vision Plan (attached hereto as Exhibit "A" and, by this reference, incorporated herein) includes the establishment of principles, goals, and priorities and a Vision for the City; and

WHEREAS, the City Council finds that it is in the best interest of the City to adopt and implement the strategies set forth in the Grow Apopka 2016-2025 Vision Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF APOPKA, FLORIDA, as follows:

Section I. The foregoing recitals are true and correct.

Section II. The City Council hereby approves and adopts the Grow Apopka 2016-2025 Vision Plan all as set forth in Exhibit "A" and, by this reference, incorporated herein.

Section III. The City Council recognizes that the Grow Apopka 2016-2025 Vision Plan establishes the future direction for the City and through a unified effort of Council, residents and City staff to achieve the goals created. The Grow Apopka 2016-2025 Vision Plan is built upon five pillars:

Innovation and Economic Development
Infrastructure and Growth Leadership
Quality of Life and Places
Civic and Governance Systems
Education and Talent Supply

Section IV. This Resolution shall take effect immediately upon its adoption.

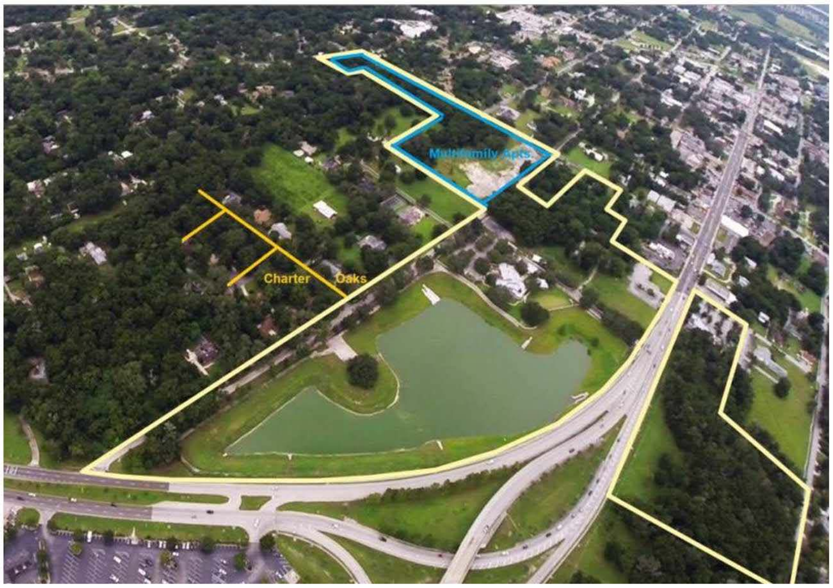
PASSED AND APPROVED by the City Council of the City of Apopka, Florida, this 6th day of April, 2016.

CITY OF APOPKA, FLORIDA

ATTEST:

Linda F. Goff, City Clerk

Joseph E. Kilsheimer, Mayor



CHARTER OAKS (highlighted 3-orange lines) is in the southeast quadrant of the city. Our neighborhood borders the section now dubbed "Apopka City Center" (outlined in yellow) **(blue highlights area reserved for luxury/upscale multifamily apartments)**. Many of us participated in Apopka's visioning process as it unfolded.

07/07/2016 A Developers Agreement was made by and between the CITY OF APOPKA, FLORIDA, and TAURUS APOPKA CITY CENTER, LLC, joined by the CITY OF APOPKA COMMUNITY REDEVELOPMENT AGENCY for purposes of memorializing agreement and consent.

DOC # 20160402657 08/04/2016

DOC # 20210306092 07/15/2020 ─ Amended and Restated DA with no changes to Apopka's "Development Standards and Design Conditions" or "Permitted Uses"

Search Official Records - Phil Diamond - Orange County Comptroller (occompt.com)

05/06/2020 Ordinance No. 2747 proposed increasing density from 15 to 25HDR on certain parcels within the city slated for residential development. Charter Oaks HOA respectfully requested City Council appropriately amend the language in such a way as to **ensure parcel located on E 6th St and Alabama Ave** remained HDR-15. We also strongly opposed development of multifamily apartments. City Council heard our concerns and exempted this area from increased density; however, multifamily "luxury market rent apartments" were part of the Development Agreement and that was not changed at this meeting.

Taurus said they could not make money with HDR-15 density and exercised their option to purchase the property from the city [11/04/2021 Special Warranty Deed DOC # 20210679192] and sell it to Southwick Commons [11/02/2021 Special Warranty Deed DOC # 20210680770] with the following:

USE RESTRICTION. The Grantor's conveyance of the Property is subject to the following restrictions. Pursuant to the terms and conditions of that certain Purchase and Sale Agreement dated November 18, 2020 executed by the Grantor and Grantee, the Property shall be owned, developed, improved, occupied and used solely for a multifamily housing project, which may include a clubhouse and the following attendant facilities: garden, gazebo, and swimming pool, all of which must be (i) ancillary to the multifamily housing project and primarily or exclusively used by the residents of such project, and (ii) not in conflict with any other uses in Seller's or Seller's affiliates' nearby/adjacent mixed-use development referred to as the Apopka City Center, including any present or future uses thereon and including any real property within such Apopka City Center, whether currently owned by Grantor, any affiliate of Grantor or the City of Apopka. No other use shall be permitted on the Property, including, without limitation, any retail use, unless expressly approved and allowed by Grantor in writing. Grantor reserves the right to enforce the forgoing restrictions at any time and they shall be valid and enforceable restrictions notwithstanding the zoning, land use, variance or any similar approvals granted by applicable governmental authorities.

TOGETHER WITH all the tenements, hereditaments, and appurtenances thereto belonging or in any way appertaining.

Please reference: RFA 2020.11.20 269SN Southwick.APP_PACKAGE.pdf Submitted Applications (floridahousing.org)

- **Attachment 16 Local Government Verification of Contribution** was processed by Orange County, who also committed funds of $75,000 from a SHIP grant, form signed by Byron W Brooks, County Administrator. However, the property is located within the City of Apopka. It is our understanding that the "Local Government Verification of Contribution" form and conveyance of funding in the RFA is to assure the project has <u>local government support</u>.
- Apopka officials have publically stated multiple times that they were unaware of Southwick Commons' intention to build subsidized multifamily apartments on the property, to do so was a violation of the Developers Agreement and USE RESTRICTIONS appurtenant to the property.

ORANGE COUNTY MAYOR
Jerry L. Demings
P.O. BOX 1393, 201 SOUTH ROSALIND AVENUE, ORLANDO, FL 32802-1393
PHONE: 407-836-7370 • FAX: 407-836-7360 • EMAIL: MAYOR@OCFL.NET

October 8, 2021

The Honorable Bryan Nelson
City of Apopka
120 E. Main Street
Apopka, FL 32703

Dear Mayor Nelson:

This letter is in response to the article regarding an affordable housing project that was published in the *Apopka Chief* on October 1, 2021. The *Apopka Chief* reported Orange County never spoke to the City of Apopka about an affordable, multi-family development, Southwick Common that is to be built on land owned by the City of Apopka, inferring negligence on the County's part. As you now know, Orange County issued an RFP, described below, and awards were based on information and/or representations provided by the applicants. Wendover Housing Partners stated they had control of a site that could be developed for workforce housing. Thus, Orange County had no reason to believe the City of Apopka was not aware of the developer's plans.

The Wendover Housing Partners started the process to develop workforce housing on the noted site well before their pursuit of County funding. They were successful in winning state funding for this project and received notifications on June 23, 2021, from the Florida Housing Finance Corporation of an $8.6 million award for Southwick Commons. The Southwick Commons project was one of four selected applicants from an Orange County Request for Proposal (RFP) Y21-1046-RM issued through the Procurement Division on June 17, 2021. The County did not select the sites for these projects, and the County did not know which proposals would be selected for funding during the RFP process. The purpose of the RFP was to provide gap financing in partnership with developers and other federal, state, and local jurisdictions, to encourage the development of affordable housing.

The developer indicated to County staff that they met with City of Apopka staff in May 2021, to discuss this project. Based on the information that was presented to the County, especially the funding forms from the Florida Housing Finance Corporation with signatures from Apopka officials, County staff reasonably assumed the City was aware of the project. Please see attached the state funding forms.

I trust this letter provides clarity on this topic. We value partnerships, and I appreciate the positive working relationship the County and City have developed as we strive to serve our residents.

Sincerely,

Jerry L. Demings
Orange County Mayor

Attachments

c: Honorable Christine Moore, Commissioner, District 2
Edward Bass, Chief Administrative Officer, City of Apopka
Byron W. Brooks, County Administrator
Chris Testerman, Deputy County Administrator
Jon Weiss, Director, PEDS Department
Mitchell Glasser, Manager, Housing and Community Development Division

- **Purchase and Sales Agreement** between Taurus Apopka City Center, LLC and Southwick Commons, Ltd was submitted for **Attachment 8 Site Control Certification 11/18/2020** and had a confidentiality clause Section 16 page 11.
- The physical address for Southwick Commons Multifamily Apartments is **461 E 7th St. Apopka, FL 32703**. Curiously, 7th Street ends west of its connection to Alabama. Street boundaries of the property run along Alabama Ave and E 6th St.; while site plans show a single entrance/exit round-about on E 6th St and S McGee Ave.

02/16/2022 Neighborhood Petition with 38 signatures presented at Apopka City Council Meeting for the public record:

PETITION TO THE MAYOR, CITY COUNCIL, AND STAFF
CITY OF APOPKA, ORANGE COUNTY FLORIDA

SUBJECT: Apopka City Center Phase 1 proposed development of Parcels 15-21-28-0000-00-001 at 461 E. 7th St. and 15-21-28-6756-00-191 Apopka Blvd. Southwick Commons Apartments

We, the undersigned residents/constituents of Apopka City Center Phase 1 area, have abiding concerns for development of the parcels noted above. We also have concerns about possible changes in Apopka's City Center Development Agreement that would impact future development projects. Therefore, we vigorously oppose any action to amend "Development Standards and Design Conditions" and Exhibit "G" - "Permitted Uses" No. 34 Residential Multi-Family (non-subsidized, market rent); to grant variance or allow any bureaucratic sleight of hand that would compromise or diminish these articles now or in the future. Therefore, we make this formal petition to Apopka City Council and Staff to observe the following:

- **HOLD FAST THE ORIGINAL VISION OF APOPKA CITY CENTER** for a safe, walkable, attractive hometown and family friendly destination.
- **FULFILL THE SPIRIT AND PURPOSE** of both the original (dated 07/22/2016) and Amended and Restated (dated 07/15/2020) Apopka City Center Development Agreements.
- **ENFORCE THE AUTHORITY** of Apopka City Center Amended and Restated Development Agreement DOC# 20210306092 filed 05/21/2021.
- **AVOID LONG-TERM HARM** to the City of Apopka and its constituents'.

05/04/2022 Southwick Commons made their first request of Apopka City Council to amend the Developers Agreement. Staff recommended denial of this request by Southwick Commons LTD for the First Amendment to the Amended and Restated Development Agreement. Residents spoke in opposition to DA amendments. Council vote 3-2 against changing the DA.

06/16/2022 Case NO. 2022-CA-5470 Southwick Commons brought suit and prevailed against City of Apopka on the issue of "*unsubsidized market rent.*" At this juncture, the rest of the DA stands including "Development Standards and Design Conditions" that require luxury amenities. This presents an ongoing conflict as subsidized workforce housing is not known for providing luxury or upscale amenities.

Each of these **desirable businesses** coming to Apopka City Center in 2022 bailed following the judge's decision. The anticipated 166,829 square-feet (3 buildings) consisting of general commercial/retail and restaurant buildings with associated site infrastructure, at 604 East Main Street and 392 South Orange Blossom Trail has been scuttled and the sign advertising them has been removed. One could easily conclude Apopka City Center has been crushed by Southwick Commons.

04/05/2023 Southwick's lawyer Rebecca Wilson, Esq. applied for a Future Land Use Change "Ordinance No. 3000" the first reading was on the City Council Agenda. They were seeking to increase density **on a portion** of a **.36 acre low density lot,** then to obtain development rights on that portion so they could build 195 units where 192 were allowed.

924 Lake Dr. is in a low density residential neighborhood populated by single family residences since 1937 and **was not** included in Southwick's RFA 2020.11.20 269SN. Local residents strongly opposed such blatant manipulation of Apopka's land use codes and were prepared to petition against it.

At the meeting Southwick withdrew their requested Ordinance 3000 when it came up on the agenda and announced they had *received variance approval for 192 units.* They indicated they would *work with staff* on other DA requirements, such as balconies, that had been of contentious debate.

Later, we learned Southwick received Orange County's variance during the city council while awaiting the Ordinance 3000 agenda item coming up. I did an online search to find Southwick had petitioned FHFC for variance for 192 units, but the Board had not yet met on the matter. **Respectfully, we ask that this variance not be granted.**

As of today we are aware that Southwick's site plan has issues that have not been approved by the City. MUD and Development Agreement design criteria have not been met and continue to be argued. Continuous delays and extensions offer no resolution in the near term. As I mentioned before, developers do not want to include true luxury or upscale amenities in subsidized workforce housing. This situation remains rife for bullying and continual conflict. It's almost certain there will be future delays, necessary extensions, and mounting costs due to litigation.

Southwick's product was not the type of development residents wanted or were promised for Apopka City Center. A simple online search brings up several "affordable housing/section 8" options within Apopka's 32703 zip code; and, of those, two happen to be in Wendover Housing Partners portfolio, *Wellington Park* and *Brixton Landing.*

Our Visioning Plan and Development Agreement took concerted effort by the diverse citizenry of Apopka. We set aside "Apopka City Center" for special purpose. It was never an attempt to discriminate against anyone, rather, it was intended to enhance and elevate a section of our hometown for the benefit of the whole City of Apopka.

It's incredulous to think sophisticated developers, such as Wendover Housing Partners and Southwick Commons, wouldn't know the difference between boundaries and governance of unincorporated Orange County and City of Apopka. It seems highly likely before closings take place that they'd go over Purchase & Sales and Developers Agreements with seasoned legal eye.

I discovered some interesting thoughts on the subject of "Local Contributions" by Ryan von Weller to be quite telling.
[7-11-17-ryan-von-weller---wendover-group.pdf (floridahousing.org)]

Perhaps we're not very sophisticated in Apopka? Even so, it does seems vividly clear to us that Southwick Commons did not have the required proper local government verification or site control when they filed RFA 2020.11.20 269SN.

From: Ryan von Weller <rvonweller@wendovergroup.com>
Date: July 11, 2017 at 6:57:58 PM EDT
To: <Trey.Price@floridahousing.org>, Ken Reecy <Ken.Reecy@floridahousing.org>
Cc: Jonathan Wolf <jwolf@wendovergroup.com>
Subject: RFA Comment for 2017/2018 on Local Contributions

All local government contribution requirements in all FHFC RFA's should be eliminated, effective immediately. We agree with several other comments already submitted that also indicate a desire to do away with this requirement. Affordable housing is needed throughout the State, and in some recent instances local contributions have been issued or withheld by local governments to essentially dictate where affordable housing can or can't be located. This is in direct conflict with many Fair Housing laws and practices. Outside of zoning, land use, and building codes, local municipalities should not have discretionary power to dictate affordable housing placement and/or development.

The local contributions themselves do not provide any meaningful financial benefit to the applications. Additionally, as you will see highlighted in attached Senate Bill 3237 on pages 23 and 24, the Federal Government is in the process of prohibiting all states from requiring local contributions either as a point item or a threshold item. If the Federal Government understands the issue at hand and is working to take corrective action, Florida should look to do the same proactively.

There are many areas of Florida that have not had any affordable housing development in recent history, some exclusively due to the existence of the required local government contribution. Many governments do not understand the point of the contribution requirement, some do not have available funding, while others choose to simply not participate for a variety of reasons. Regardless, FHFC needs to eliminate this requirement as there is no tangible benefit to keeping it.

Thank you for your consideration.
--

WENDOVER
HOUSING PARTNERS

Ryan von Weller
1105 Kensington Park Dr.
Suite 200
Altamonte Springs, FL 32714
(407) 333-3233 x294

Surely, there must be other approved shovel ready projects that could use this funding and begin construction now.

Respectfully, we request FHFC Board refrain from granting any further extensions or variances for the Southwick Commons Multifamily development project in Apopka, FL.

As may be appropriate, please forward or share this with other FHFC Board members and Staff.

Thank you!

Sincerely,
Angela Pewsey
Secretary/Treasurer
Charter Oaks HOA
744 S Christiana Ave.
Apopka, FL 32703
684-234-6976

Marisa Button <Marisa.Button@floridahousing.org> Wed, Apr 19, 2023 at 1:34 PM
To: Angie Pewsey <angpewsey@gmail.com>

Receipt confirmed.

From: Angie Pewsey <angpewsey@gmail.com>
Sent: Tuesday, April 18, 2023 6:48 PM
To: Marisa Button <Marisa.Button@floridahousing.org>
Subject: FHFC CASE NO.: 2023-030VW comments

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CHARTER OAKS
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TO: Governor Ron DeSantis https://www.flgov.com/email-the-governor/

FROM: Angela Pewsey angpewsey@gmail.com

SUBJECT: Affordable Housing / Apopka City Center Development

June 13, 2023

Dear Governor DeSantis,

I'm a layperson, therefore, Senate Bill 102 and the Live Local Act is mostly over my head. Even so, I'm compelled to share this in hopes you'll favorably consider the plight of local Apopka residents in this matter.

I was raised in public housing from birth-15 years and that experience certainly informs my opinion. My parents divorced when I was about five due to my father's violent alcoholism. My mother raised me and my four sisters on "Aid for Dependent Children." She was a thrifty and resourceful woman doing her best, but could not spare us from being poor whites living in a predominately black neighborhood. I intimately understand the stigma of living as outcast, in isolation, needing Food Stamps, getting government powdered milk and cheese, and receiving charitable attention at the holidays.

One might think I'd be all for the "affordable housing" of today. Instead, I look around at the closely packed wood framed pressed board buildings going up all over Central Florida and shudder to think what it likely will be like to live here in 10-15 years! URBAN RENEWAL - Historical Albion Michigan

My childhood apartment was the first time my Kentucky born mother lived in a home with indoor plumbing and central heat! Each building housed 8 families, constructed of brick lower levels with concrete slab foundation and floor, with concrete block firewall between units, and built to withstand harsh winters; the upper level of wood and siding. We had a kitchen, utility room, living room, and coat closet under the stairway leading upstairs to three bedrooms, a bath, and a hallway with a large linen closet.


Recent Google Maps photo shows *Grandview Heights* (above) still in use today. Our apartment #9 was located in the center of the building. My sister (7 yrs) and I (3yrs) pictured in our Sunday best on the living room side of the building (1956). Trees have grown, but the city has declined dramatically, both in population and quality of life. Albion through Malleable Eyes: The Great Migration, Urban Renewal and Missed Opportunities (wmich.edu)

Fast forward to April 18, 2023, I sent the attached letter via email to Marisa Button, Director of Multifamily Programs for Florida Housing Finance Corporation. I hope it will apprise you of the situation without me repeating myself. April 19, 2023, I received an email receipt from Ms. Button; and, no further reply to date.

I watched 4/28/23 Florida Housing Finance Corporation Board of Directors Meeting - The Florida Channel and was very disappointed to see the Board approve *Consent Items* containing another extension: III. LEGAL A. In Re: Southwick Commons, Ltd. - FHFC Case No. 2023-030VW (RFA 2020-205/App. No. 2021-269SN).

During Apopka's 6/7/2023 City Council meeting Wendover/Southwick's lawyer, Rebecca Wilson, admitted that her clients had reviewed the Developers Agreement when purchasing the City Center property from Taurus. Responding to Mayor Nelson' question, Ms. Wilson admitted that her clients **did not inform FHFC** that this property had a Developer's Agreement on it because *that was not a requirement of the RFA application*.

However, the **Applicant Certification and Acknowledgement Form** (RFA 2020.11.20 269SN Southwick_APP_PACKAGE documentation **Attachment 1** signed by Mr. Jonathan L. Wolf) implies that FHFC should have been informed of a development agreement since such deed restrictions directly impacts **Site Control**; and, seem particularly relevant in numbers 9, 10, 14, and 22 of **Attachment 1** of this RFA.

So, it appears Wendover/Southwick knowingly purchased land that was encumbered by deed restrictions and a Developer's Agreement and failed to disclose this to FHFC during the approval process.

Wendover/Southwick submitted the **Local Government Verification of Contribution – Grant Form** to Orange County rather than City of Apopka, and received the $75,000 grant from Orange County without the knowledge and approval of City Officials.

In his 7/11/2017 email, Ryan von Weller demanded *"All local government contribution requirements in all FHFC RFA's should be eliminated, effective immediately..."* then went on to say, *"...Outside of zoning, land use, and building codes, local municipalities should not have discretionary power to dictate affordable housing placement and/or development."*

Mr. Von Weller berated city staff, Commission, and residents of Apopka with threats and invoking your office: Apopka City Council Meeting May 17, 2023 - YouTube slide timeline to1:08 to view his tirade.

As I said previously, I'm a layperson, but it seems possible, even probable, that this particular *local municipality* was selected because of its DA and deed restrictions to push a particular affordable housing agenda forward in Tallahassee. Would you please look into this? I've exhausted all other avenues and don't know what more to do at this point. If indeed Wendover/Southwick has manipulated and misused FHFC's RFA program and procedures this project should be terminated and funding withdrawn, *effective immediately*; and they should be held accountable for the harm they have caused to RFA program, City of Apopka and its residents.

Sincerely,
Angela Pewsey
Secretary/Treasurer
Charter Oaks HOA
689-234-6976
angpewsey@gmail.com

Attachments: 2023.04.18 Marisa Button FHFC Director Multifamily Programs

Emailed 6/13/2023 4:20pm

Thank you for contacting Governor Ron DeSantis.

Due to the volume of emails sent to the Governor, there may be a delay in responding to your e-mail. You may wish to view the Governor's web site, www.FLGov.com, which provides information on current issues and answers to frequently asked questions.

Thank you again for taking the time to contact Governor DeSantis.

Executive Office of the Governor
Ron DeSantis
www.flgov.com
@GovRonDeSantis

July 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Barnett Villas ("Development") – Tax-Exempt Multifamily Mortgage Revenue Bond ("MMRB") 2021-108B / 4% Non-Competitive Housing Credits ("HC") 2021-555C / Construction Housing Inflation Response Viability Funding ("Viability Loan") RFA 2023-211 (2023-259V)

Credit Underwriting Report Update Letter ("CUR Update Letter") – Changes to the Final Credit Underwriting Report, dated April 17, 2023 ("Final CUR") to include the Viability Loan and a Recommended Annual 4% HC Allocation of $2,009,091

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") reviewed a notice of preliminary award, dated June 14, 2023, from Florida Housing Finance Corporation ("FHFC" or "Florida Housing"), with a preliminary Viability Loan amount of $2,999,999. First Housing has prepared this CUR Update Letter to outline the changes. In addition to the inclusion of the Viability Loan, the Applicant has increased the requested MMRB amount from $22,000,000 to $24,000,000. There is an increase in the annual 4% HC Allocation from $1,824,168 to $2,009,091. The permanent First Mortgage has increased from $12,000,000 to $12,200,000 and the lender has changed from Valley National Bank of Florida to Bellwether Enterprise Real Estate Capital, LLC ("Bellwether"). The Orange County ("OC") loan has now been split into two separate loans, one for $5,000,000, and the other for $4,300,000.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of the CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

- Final CUR, dated April 17, 2023.
- Updated Sources and Uses, dated June, 2, 2023.

- RFA 2023-211.

- Draft Multi-Family Affordable Housing Developer's Agreement from OC, dated June 8, 2023, for the Construction to Permanent Financing.

- Proposal, dated June 7, 2023, from Bellwether Enterprise Real Estate Capital, LLC ("Bellwether") for the Construction to Permanent Financing.

- Letter of Intent, dated May 31, 2023 from Enterprise Housing Credit Investments ("Enterprise") for the Housing Credit Equity.

- Fourth Amendment to Purchase and Sale Agreement, dated April 25, 2023.

- Plan and Cost Analysis ("PCA"), dated March 27, 2023.

- Change Order, dated May 19, 2023, between Fugleberg Koch, LLC, RBK 3, LLC and BDG Barnett Villas, LP.

- Updated Appraisal, dated May 31, 2023, by Integra Realty Resources ("Integra").

- Request to increase bond amount from the Applicant, dated June 6, 2023.

FHDC

PERMANENT FINANCING INFORMATION				
	1st Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Third	Fourth
Lender/Grantor	FHFC / Bellwether / Deutsche Bank ("DB") / Arc70	FHFC - Viability	OC	OC
Amount	$12,200,000	$2,999,999	$5,000,000	$4,300,000
Underwritten Interest Rate	5.81%	1.00%	0.50%	0.00%
All In Interest Rate	5.81%	1.00%	0.50%	0.00%
Loan Term	15	15	30	55
Amortization	40	0	30	0
Market Rate/Market Financing LTV	29%	36%	48%	58%
Restricted Market Financing LTV	61%	76%	102%	123%
Loan to Cost - Cumulative	27%	34%	45%	55%
Debt Service Coverage	1.15	1.10	0.90	0.89
Operating Deficit & Debt Service Reserves	$879,200			
# of Months covered by the Reserves	5.0			

Deferred Developer Fee	$2,013,565
As-Is Land Value	$3,280,000
Market Rent/Market Financing Stabilized Value	$42,000,000
Rent Restricted Market Financing Stabilized Value	$19,900,000
Projected Net Operating Income (NOI) - Year 1	$953,625
Projected Net Operating Income (NOI) - 15 Year	$1,077,170
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit (HC) Syndication Price	$0.902590279
HC Annual Allocation - Initial Award	$1,481,329
HC Annual Allocation - Qualified in CUR	$2,009,091
HC Annual Allocation - Equity Letter of Interest	$2,006,664

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
FHFC - MMRB	FHFC/Bellwether/DB/Arc70	$22,000,000	$24,000,000	$24,000,000	5.81%	$1,394,640
FHFC - Viability	FHFC	$0	$2,999,999	$2,999,999	1.00%	$30,000
Local Government Subsidy	OC	$9,300,000	$5,000,000	$5,000,000	0.50%	$25,000
Local Government Subsidy	OC	$0	$4,300,000	$4,300,000	0.00%	$0
HC Equity	Enterprise	$5,028,330	$5,399,114	$5,432,873	N/A	N/A
Deferred Developer Fee	BDG Developer	$5,628,348	$2,990,058	$2,890,835	N/A	N/A
Total		$41,956,678	$44,689,171	$44,623,707		$1,449,640

Please note the Application column is based on First Housing's conclusions in the Final CUR.

<u>First Mortgage</u>:

First Housing has reviewed a term sheet from Bellwether, dated June 7, 2023, for construction to permanent financing. First Housing received an email from a representative of Bellwether, dated June 6, 2023, stating Bellwether is a privately-owned commercial mortgage banking company. Enterprise Community Partners invested in Bellwether in 2012 and is their largest shareholder, currently owning 45% of Bellwether. First Housing received an email from a representative of Bellwether, dated June 7, 2023, which confirms that the bonds will be placed with Deutsche Bank or Arc 70, as an Assignee of Bellwether. Therefore, Bellwether would be acting as an originator/servicer and there would not be a substantial user issue during the construction or permanent period. Any change in the bond purchaser from Deutsche Bank or Arc 70, as a Bellwether assignee, is subject to approval by FHFC and must not create a substantial user issue.

The Applicant submitted a request to increase the MMRB, dated June 6, 2023, from $22,000,000 to $24,000,000. FHFC staff approved this request on June 30, 2023. The term sheet, from Bellwether, indicates that the requested $24,000,000 in tax-exempt MMRB will be split into Series A Bonds in the amount of $12,720,000 and Series B Bonds in the amount of $11,280,000. However, based on debt service constraints, First Housing anticipates that the Series A Bonds will be in the amount of $12,200,000 and the Series B Bonds will be in the amount of $11,800,000. The Series A Bonds are construction to permanent phase bonds. The Series B Bonds are construction only bonds and have a term of 36 months. The construction loan term, and interest only period, for Series A Bonds and Series B Bonds, are 36 months. The interest rate for Series A and Series B Bonds will be a fixed rate, based on the 15-year Secured Overnight Financing Rate ("SOFR") Swap, plus a spread of 2.40%. The construction loan interest is calculated based on the 15-year SOFR Swap of 3.41% (as of June 6, 2023), plus the spread of 2.40%, for an all-in rate of 5.81%.

The annual FHFC Issuer Fee of 24 basis points and annual Trustee Fee of $4,500 has been included in the uses section of this report.

FHFC Viability Loan:

First Housing reviewed a notice of preliminary award, dated June 14, 2023, from FHFC with a preliminary Viability Loan in the amount of $2,999,999. Based on the sizing parameter in RFA 2023-211, First Housing has sized the Viability Loan to $2,999,999.

The Viability Loan is non-amortizing with an interest rate of 1% per annum plus permanent loan servicing fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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.

OC Loan:

First Housing reviewed a draft Multi-Family Affordable Housing Developer's Agreement from Orange County for construction to permanent financing in the amount of $5,000,000 for the Development. The OC will provide funds to Neighborhood Lending Partners of Florida, Inc. ("NLP") who will, in turn, disburse proceeds and service the loan. The OC Loan has a construction term of 24 months, with the option of one, six-month extension. The loan will be interest only for the entire construction period. The interest rate of the OC loan is 0.50%. The construction loan interest is based on the interest rate of 0.50%. In addition to the interest rate, there is an annual servicing fee of 0.25% of the loan amount.

OC Loan:

First Housing reviewed a draft Multi-Family Affordable Housing Developer's Agreement from Orange County for construction to permanent financing in the amount of $4,300,000 for the Development. The OC will provide the funds to a, yet to be determined, non-profit entity in the form of a forgivable loan. Based on information from the Developer, the non-profit is not anticipated to be a related party of the Applicant/Developer entities. The non-profit entity will then lend the proceeds to the Applicant. The loan from the non-profit has a term of 55 years and an expected interest rate of 0%. There is an annual servicing fee of 0.25% of the loan amount for NLP to service the loan.

Housing Credit Equity:

First Housing has reviewed a letter, dated May 31, 2023, indicating Enterprise, will acquire 99.99% ownership interest in the Partnership. Based on the letter, the annual HC allocation is estimated to be in the amount of $2,006,664 and the syndication rate is anticipated to be $0.9025 per dollar. The housing credit syndication price is $0.9025 in the letter; however, the actual calculation of the syndication rate is $0.902590279. Enterprise anticipates a net capital contribution of $18,110,143 and has committed to make available 30.00% or $5,432,873 of the total net equity during the construction period. An additional $12,677,270 will be available at cost certification, conversion/stabilization, and Form 8609. The first installment, in the amount of $3,622,000 or 20.00%, meets the RFA's requirement that at least 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer $2,890,835 or 46.65% of the total Developer Fee of $6,197,317 during the construction period.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - MMRB	FHFC/Bellwether/DB/Arc70	$12,000,000	$12,200,000	$12,200,000	15	40	5.81%	$786,208
FHFC - Viability	FHFC	$0	$2,999,999	$2,999,999	15	0	1.00%	$30,000
Local Government Subsidy	OC	$9,300,000	$5,000,000	$5,000,000	30	30	0.50%	$179,514
Local Government Subsidy	OC	$0	$4,300,000	$4,300,000	55	0	0.00%	$0
Solar Equity	Enterprise	$297,053	$0	$0	0	0	0.00%	$0
HC Equity	Enterprise	$16,463,146	$17,997,046	$18,110,143	N/A	N/A	N/A	N/A
Deferred Developer Fee	BDG Developer	$3,896,479	$2,192,126	$2,013,565	N/A	N/A	N/A	N/A
Total		$41,956,678	$44,689,171	$44,623,707				$995,721

Please note the Application column is based on First Housing's conclusions in the Final CUR.

<u>First Mortgage:</u>

First Housing has reviewed a term sheet from Bellwether, dated June 7, 2023, for construction to permanent financing. First Housing received an email from a representative of Bellwether, dated June 6, 2023, stating Bellwether is a privately-owned commercial mortgage banking company. Enterprise Community Partners invested in Bellwether in 2012 and is their largest shareholder, currently owning 45% of Bellwether. First Housing received an email from a representative of Bellwether, dated June 7, 2023, which confirms that the bonds will be placed with Deutsche Bank or Arc 70. Therefore, Bellwether would be acting as an originator/servicer and there would not be a substantial user issue during the construction or permanent period. Any change in the bond purchaser from Deutsche Bank or Arc 70 is subject to approval by FHFC and must not create a substantial user issue.

The term sheet, from Bellwether, indicates that the requested $24,000,000 in tax-exempt MMRB will be split into Series A Bonds in the amount of $12,720,000 and Series B Bonds in the amount of $11,280,000. However, based on debt service constraints, First Housing anticipates that the series A Bonds will be in the amount of $12,200,000 and the series B Bonds will be in the amount of $11,800,000. The Series A Bonds are construction to permanent phase bonds and the Series B Bonds will be construction only bonds that will be redeemed/matured at conversion to permanent financing. The Series A Bonds will be interest only during the 36-month construction period. Following conversion, the permanent loan will require monthly principal and interest payments for 15 years, based on a 40-year amortization schedule. The interest rate will be fixed at construction closing based on the 15-year SOFR Swap, plus a spread of 2.40%. The permanent loan interest is calculated based on the 15-year SOFR Swap of 3.41% (as of June 6, 2023), plus the spread of 2.40%, for an all-in rate of 5.81%.

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 Trustee 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 Bonds will mature 15 years following the termination of the construction phase and conversion to the permanent phase. At maturity, the Applicant may satisfy the loan 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 Bellwether Assignee agrees to cancel the Bonds in exchange for an assignment, by the Trustee, of the mortgage and all other related documents and accounts. The Trustee would cancel the Bonds and discharge the lien of the Trustee. Then the Trustee would assign the mortgage loan and any other related documents and collateral to Bellwether Assignee, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Bonds 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, Bellwether Assignee would then be in a position to work with the Applicant to arrive at a resolution without involvement of either FHFC or the Trustee (as the Bonds would have been cancelled and would no longer be outstanding).

<u>FHFC Viability Loan:</u>

First Housing reviewed a notice of preliminary award, dated June 14, 2023, from FHFC with a preliminary Viability Loan in the amount of $2,999,999. Based on the sizing parameter in RFA 2023-211, First Housing has sized the Viability Loan to $2,999,999.

The Viability Loan is non-amortizing with an interest rate of 1% per annum plus permanent loan servicing fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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, with a minimum monthly fee of $236, and a maximum monthly fee of $936.

<u>OC Loan</u>:

First Housing reviewed a draft Multi-Family Affordable Housing Developer's Agreement from Orange County for construction to permanent financing in the amount of $5,000,000 for the

Development. The OC will provide funds to NLP who will, in turn, disburse proceeds and service the loan. The OC loan will have a permanent term of 30 years, based on a 30-year amortization schedule. The loan will be interest only for the first five years post stabilization and cash flow contingent beyond that. The interest rate of the OC loan is 0.50%. The permanent loan interest is based on the interest rate of 0.50%. In addition to the interest rate, there is an annual servicing fee of 0.25% of the loan amount.

OC Loan:

First Housing reviewed a draft Multi-Family Affordable Housing Developer's Agreement from Orange County for construction to permanent financing in the amount of $4,300,000 for the Development. The OC will provide the funds to a, yet to be determined, non-profit entity in the form of a forgivable loan. The non-profit entity will then relend the proceeds to the Applicant. The OC loan has a term of 55 years and an expected interest rate of 0%. There is an annual servicing fee of 0.25% of the loan amount for NLP to service the loan.

Housing Credit Equity:

Based on a letter of intent, dated May 31, 2023, Enterprise, will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$3,622,000	20.00%	At admission
2nd Installment	$1,810,873	10.00%	Construction
3rd Installment	$10,029,607	55.38%	Construction Completion, Cost Certification
4th Installment	$2,361,663	13.04%	Stabilzation/Conversion
5th Installment	$286,000	1.58%	Tax Returns /8609s
Total	$18,110,143	100.00%	

Annual Credit Per Syndication Agreement	$2,006,664
Calculated HC Exchange Rate	$0.902590279
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$5,432,873

<u>Deferred Developer Fee</u>:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $2,013,565 or approximately 32.49% of the total Developer Fee of $6,197,317. Therefore, the Applicant is meeting the Viability Loan requirement of deferring at least 30% of the Developer Fee, as required by RFA 2023-211.

Uses of Funds

Please note the Applicant Costs column in each chart is based on First Housing's conclusions in the Final CUR.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	$19,235,221	$20,802,192	$20,802,192	$133,347	$0
Site Work	$3,090,653	$3,090,653	$3,090,653	$19,812	$309,065
Constr. Contr. Costs subject to GC Fee	$22,325,874	$23,892,845	$23,892,845	$153,159	$309,065
General Conditions	$1,280,811	$1,433,570	$1,374,828	$8,813	$0
Overhead	$426,937	$477,856	$458,275	$2,938	$0
Profit	$1,280,811	$1,433,570	$1,374,828	$8,813	$0
Payment and Performance Bonds	$140,022	$20,821	$157,885	$1,012	$0
Total Construction Contract/Costs	$25,454,455	$27,258,662	$27,258,661	$174,735	$309,065
Hard Cost Contingency	$1,265,722	$1,361,892	$1,355,039	$8,686	$0
FF&E paid outside Constr. Contr.	$100,000	$100,000	$100,000	$641	$0
Total Construction Costs:	**$26,820,177**	**$28,720,554**	**$28,713,700**	**$184,062**	**$309,065**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated March 1, 2023, in the amount of $25,454,455. This is a Standard Form of Agreement between Owner, BDG Barnett Villas, LP, and Contractor, RBK 3 LLC dba Roger B. Kennedy Construction 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 485 days from the date of commencement. The construction contract specifies a 10% retainage of each application for payment until 50% complete. Insurance and bonds are not subject to retainage.

2. First Housing received a change order, dated May 19, 2023, for additional work to increase the contract sum to $27,258,661. Items in this change order include Security / Camera, PV Solar, Upgrade to Metal Roof, and Awnings.

3. The Hard Cost Contingency is within 5% of the total construction cost, less the P&P Bond, as allowed for new construction developments by Rule Chapter 67-21.

4. The General Contractor ("GC") fee is within the maximum 14% of hard costs allowed by Rule Chapter 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 Chapter 67-21.

5. The GC Contract includes $4,565,491 in allowances which equals 16.8% of the GMP.

Unsuitable Material Removal and Replace	$75,000
Main Site Water Tie-In	$100,000
Hardscape Package	$100,000
Irrigation	$160,000
Rough Carpentry Materials	$1,542,000
Wood Roof and Floor Trusses	$1,189,591
Clubhouse Custom Millwork / Cabinets and Tops	$50,000
Clubhouse Flooring	$35,000
Fitness Center Wall Mirror	$4,900
Unit / Building Signage	$15,600
Monument Signage and Structure	$25,000
Clubhouse Appliances	$2,800
DAS System and Conduit and Vertical Rated Shafts	$50,000
Power Company's primary conduit	$80,000
Lightning Protection	$138,600
Enhanced Landscape	$50,000
Security/Camera	$250,000
PV Solar	$250,000
Upgrade to Metal Roof	$447,000

Please note, rough carpentry materials and wood roof and floor trusses are not considered allowances. Verification these two items are removed from Exhibit F of the GC Contract, is a condition to close. An updated PCA confirming these items have been removed is a condition of closing.

6. The GC has budgeted for a Payment and Performance Bond ("P&P Bond") to secure the construction contract.

7. The Applicant has stated, via email, dated March 8, 2023, that all costs associated with Washer and Dryers will be funded directly by the Applicant outside of the Development Costs.

FHDC

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	$160	$12,500
Appraisal	$5,000	$25,000	$9,400	$60	$0
Architect's Fee - Site/Building Design	$234,500	$234,500	$234,500	$1,503	$0
Architect's Fee - Supervision	$97,600	$97,600	$97,600	$626	$0
Building Permits	$250,000	$250,000	$250,000	$1,603	$0
Builder's Risk Insurance	$312,000	$390,000	$390,000	$2,500	$0
Engineering Fees	$141,000	$141,000	$141,000	$904	$0
Environmental Report	$3,500	$3,500	$3,500	$22	$0
FHFC Administrative Fees	$167,774	$180,000	$180,818	$1,159	$180,818
FHFC Application Fee	$3,000	$3,000	$3,500	$22	$3,500
FHFC Credit Underwriting Fee	$21,005	$21,005	$26,151	$168	$26,151
FHFC Compliance Fee	$0	$0	$0	$0	$0
Impact Fee	$256,152	$256,152	$256,152	$1,642	$0
Lender Inspection Fees / Const Admin	$30,000	$80,000	$80,000	$513	$0
Green Building Cert. (LEED, FGBC, NAHB)	$24,180	$24,180	$24,180	$155	$0
Legal Fees - Organizational Costs	$125,000	$125,000	$125,000	$801	$62,500
Market Study	$4,500	$4,500	$4,500	$29	$4,500
Marketing and Advertising	$50,000	$50,000	$50,000	$321	$50,000
Plan and Cost Review Analysis	$2,800	$4,939	$3,350	$21	$0
Property Taxes	$30,000	$30,000	$30,000	$192	$0
Survey	$50,000	$50,000	$50,000	$321	$0
Title Insurance and Recording Fees	$80,000	$80,000	$80,000	$513	$64,000
Utility Connection Fees	$425,880	$425,880	$425,880	$2,730	$0
Soft Cost Contingency	$116,944	$116,944	$124,526	$798	$0
Total General Development Costs:	**$2,455,835**	**$2,618,200**	**$2,615,057**	**$16,763**	**$403,969**

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: FHFC Fees, Market Study, and PCA.

3. Appraisal includes $5,000 for the original Appraisal and $4,400 for the updated Appraisal.

4. The FHFC Administrative Fee is based on 9% of the recommended annual 4% Housing Credit allocation.

5. FHFC Application Fee includes $3,000 for the MMRB and HC underwriting and $500 for the Viability Loan underwriting.

6. FHFC Credit Underwriting Fee includes $21,005 for the MMRB and HC underwriting and $5,146 for the CUR Update Letter.

7. First Housing received a Proposal, dated January 9, 2023, from Green Built Solutions for FGBC Administration and Verification services for the Development. First Housing has included an estimated cost of $24,180 for these services.

8. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by Rule Chapter 67-21 for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee	$0	$5,000	$5,000	$32	$0
Construction Loan Origination Fee	$220,000	$360,000	$360,000	$2,308	$0
Construction Loan Closing Costs	$50,000	$95,000	$115,000	$737	$0
Construction Loan Interest	$2,281,664	$2,000,000	$1,952,496	$12,516	$650,832
Permanent Loan Application Fee	$0	$5,000	$5,000	$32	$5,000
Permanent Loan Origination Fee	$120,000	$0	$0	$0	$0
Permanent Loan Closing Costs	$50,000	$20,000	$20,000	$128	$20,000
FHFC Bond Trustee Fee	$11,250	$11,250	$11,250	$72	$11,250
FHFC Bond Cost of Issuance	$250,030	$272,760	$274,040	$1,757	$274,040
Misc Loan Origination Fee	$93,000	$93,000	$93,000	$596	$93,000
Misc Loan Interest	$46,500	$25,000	$25,000	$160	$8,333
Placement Agent/Underwriter Fee	$0	$25,000	$25,000	$160	$0
Initial TEFRA Fee	$1,000	$1,000	$1,000	$6	$1,000
Other: Syndication Fee	$40,000	$40,000	$40,000	$256	$40,000
Other: FHFC Bond Issuer Fees	$132,000	$144,000	$144,000	$923	$144,000
Other: Viability Loan Commitment Fee	$0	$0	$30,000	$192	$30,000
Total Financial Costs:	**$3,295,444**	**$3,097,010**	**$3,100,786**	**$19,877**	**$1,277,455**
Dev. Costs before Acq., Dev. Fee & Reserves	**$32,571,456**	**$34,435,764**	**$34,429,543**	**$220,702**	**$1,990,490**

Notes to the Financial Costs:

1. The Construction Loan Origination Fee is equal to 1.5% of the Construction Loan amount.

2. The Construction Loan Interest is based on projections from First Housing for a 30-month Construction Loan period and a 56% outstanding balance.

3. The Construction Loan Closing Costs includes $95,000 for lender legal and $20,000 for a third-party deposit fee. First Housing is using the third-party deposit fee as an estimate.

4. The Permanent Loan Closing Costs is a conversion fee.

5. The Miscellaneous Loan Origination Fee is based on 1% of the total OC loan amounts.

6. The Miscellaneous Loan Interest is based on projections from the Applicant for the OC loan, which appears reasonable.

7. The FHFC Bond Trustee Fee represents 2.5 years of the annual Trustee Fee of $4,500 during the construction period.

8. FHFC Bond Cost of Issuance ("COI") includes MMRB and Viability Closing Costs, and expenses of the Trustee, Real Estate Counsel for MMRB and Viability, MMRB Counsel, Disclosure Counsel, and other fees.

9. The FHFC Bond Issuer Fee is based on 2.5 years of the FHFC Issuer Fee of 24 basis points on the MMRB during construction.

10. FHFC Commitment Fee is based on 1% of the Viability Loan.

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**

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	$5,484,602	$6,197,536	$6,197,317	$39,726	$0
DF to Excess Land Costs	$378,260	$0	$0	$0	$0
Total Other Development Costs:	**$5,862,862**	**$6,197,536**	**$6,197,317**	**$39,726**	**$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, land acquisition costs, and ODR as allowed by Rule Chapter 67-21.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$2,650,000	$3,117,647	$3,117,647	$19,985	$3,117,647
Total Acquisition Costs:	**$2,650,000**	**$3,117,647**	**$3,117,647**	**$19,985**	**$3,117,647**

Notes to Acquisition Costs:

1. First Housing received a Vacant Land Contract, dated March 29, 2022, Addendum to Contract, dated June 1, 2022, Addendum to Contract, dated October 1, 2022, Third Amendment to Purchase and Sale Agreement, dated March 24, 2023 and Fourth Amendment to Purchase and Sale Agreement, dated April 25, 2023. The purchase price is $3,117,647 and closing must occur by October 31, 2023.

FHDC

2. The appraisal, dated May 31, 2023, indicates a Fee Simple Market Value As Is, as of May 8, 2023, of $3,280,000.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	$872,360	$925,525	$879,200	$5,636	$879,200
Total Reserve Accounts:	**$872,360**	**$925,525**	**$879,200**	**$5,636**	**$879,200**

Notes to Reserve Accounts:

1. An ODR in the amount of $879,200 will be required by Enterprise. 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 Rule Chapter 67-21.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	**$41,956,678**	**$44,676,472**	**$44,623,707**	**$286,049**	**$5,987,337**

Notes to Total Development Costs:

1. The TDC has increased by a total of $2,667,029 from $41,956,678 to $44,623,707 or 6.36% since the Final CUR. The increase is mainly due to the increase in construction costs and land.

Operating Pro Forma: Barnett Villas

FINANCIAL COSTS:					Year 1	Year 1 Per Unit
OPERATING PRO FORMA						
INCOME:	Gross Potential Rental Income				**$2,034,828**	**$13,044**
	Other Income					
		Ancillary Income			$42,325	**$271**
		Washer/Dryer Rentals			$18,720	**$120**
	Gross Potential Income				**$2,095,873**	**$13,435**
	Less:					
		Physical Vac. Loss	Percentage:	4.00%	$83,835	**$537**
		Collection Loss	Percentage:	1.00%	$20,959	**$134**
Total Effective Gross Income					**$1,991,079**	**$12,763**
EXPENSES:	Fixed:					
		Real Estate Taxes			$154,000	**$987**
		Insurance			$132,600	**$850**
	Variable:					
		Management Fee	Percentage:	5.00%	$99,554	**$638**
		General and Administrative			$62,400	**$400**
		Payroll Expenses			$249,600	**$1,600**
		Utilities			$156,000	**$1,000**
		Marketing and Advertising			$11,700	**$75**
		Maintenance and Repairs/Pest Control			$62,400	**$400**
		Grounds Maintenance and Landscaping			$31,200	**$200**
		Security			$31,200	**$200**
	Reserve for Replacements				$46,800	**$300**
Total Expenses					**$1,037,454**	**$6,650**
Net Operating Income					**$953,625**	**$6,113**
Debt Service Payments						
	First Mortgage - FHFC/Bellwether/DB/Arc70				$786,208	**$5,040**
	Second Mortgage - FHFC				$30,000	**$192**
	Third Mortgage - OC				$179,514	**$1,151**
	Fourth Mortgage - OC				$0	**$0**
	First Mortgage Fees - FHFC/Bellwether/DB/Arc70				$40,459	**$259**
	Second Mortgage Fees - FHFC				$7,500	**$48**
	Third Mortgage Fees - OC				$12,500	**$80**
	Fourth Mortgage Fees - OC				$10,750	**$69**
Total Debt Service Payments					**$1,066,931**	**$6,839**
Cash Flow after Debt Service					**-$113,305**	**-$726**
Debt Service Coverage Ratios						
	DSC - First Mortgage plus Fees				**1.15x**	
	DSC - Second Mortgage plus Fees				**1.10x**	
	DSC - Third Mortgage plus Fees				**0.90x**	
	DSC - Fourth Mortgage plus Fee				**0.89x**	
Financial Ratios						
	Operating Expense Ratio				**52.11%**	
	Break-even Economic Occupancy Ratio (all debt)				**100.66%**	

- First Housing has calculated a 1.07x DSC for the Development, when including the First Mortgage, First Mortgage Fees, Second Mortgage, Second Mortgage Fees, Third Mortgage Fees, and Fourth Mortgage Fees. First Housing has excluded the Third and Fourth Mortgage principal and interest payments as they are based on available cash flow.

Notes to the Operating Pro Forma and Ratios:

1. The MMRB program does not impose any rent restrictions. However, in conjunction with the MMRB this Development will be utilizing Housing Credits which will impose rent restrictions. The LIHTC rent levels are based on the 2023 maximum LIHTC rents published on FHFC's website for Orange County less the utility allowance. The Utility Allowances are based on the UA Energy Consumption Model ("ECM") Estimate, dated January 6, 2022, prepared by Matern Professional Engineering, Inc. FHFC approved the UA ECM on April 6, 2023:

Orange County, Orlando-Kissimmee-Sanford 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	15	761	50%			$823	$33	$ 790		$ 790	$ 790	$ 790	$ 142,200
1	1.0	30	761	60%			$988	$33	$ 955		$ 955	$ 955	$ 955	$ 343,800
1	1.0	15	761	70%			$1,153	$33	$ 1,120		$ 1,120	$ 1,120	$ 1,120	$ 201,600
2	2.0	21	1,017	50%			$988	$39	$ 949		$ 949	$ 949	$ 949	$ 239,148
2	2.0	42	1,017	60%			$1,186	$39	$ 1,147		$ 1,147	$ 1,147	$ 1,147	$ 578,088
2	2.0	21	1,017	70%			$1,384	$39	$ 1,345		$ 1,345	$ 1,345	$ 1,345	$ 338,940
3	2.0	3	1,197	50%			$1,141	$43	$ 1,098		$ 1,098	$ 1,098	$ 1,098	$ 39,528
3	2.0	6	1,197	60%			$1,370	$43	$ 1,327		$ 1,327	$ 1,327	$ 1,327	$ 95,544
3	2.0	3	1,197	70%			$1,598	$43	$ 1,555		$ 1,555	$ 1,555	$ 1,555	$ 55,980
		156	145,452											$ 2,034,828

2. First Housing has utilized a 5.00% vacancy and collection loss which includes a 4.00% vacancy loss and a 1.00% collection loss, which is more conservative than the appraisal.

3. The Break-even Economic Occupancy Ratio includes all debt; however, the subordinate debt payments are based on available cash flow. This ratio would improve to 90.66% if the subordinate debt principal and interest payments were not included in the calculation.

4. Ancillary Income is comprised of revenue from, vending machines, late charges, forfeited security deposits and other miscellaneous sources. Total Miscellaneous Income of $42,325 or $271 per unit is supported by the appraisal.

5. The Development will offer washer/dryers to rent to the residents at $50 per month. The appraiser has estimated a 20% penetration rate and income of $18,720 or $120 per unit.

6. 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.

7. The Applicant has submitted a Management Agreement between BDG Barnett Villas, LLC and AGPM, LLC, dated March 21, 2023. The Agreement reflects a monthly management fee of the greater of $2,000 or 5% of Gross Operating Revenues.

8. Tenants are responsible for electric, cable and internet. The landlord is responsible for common area electric, water/sewer and trash collection.

9. Replacement Reserves of $300 per unit per year are required, per Rule Chapter 67-21. According to the letter from Enterprise, dated May 31, 2023, replacement reserves will be required at $300 per unit and increasing at 3% per year.

10. Refer to Exhibit 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%.

Third Party Reports

First Housing reviewed an updated Appraisal for the Development prepared by Integra, dated May 31, 2023. Based on the Appraiser's analysis, the highest and best use for the site as vacant is Multifamily use. The fee simple market value as is, as of May 8, 2023, is $3,280,000. The Development's hypothetical market value as completed and stabilized, as of May 8, 2023, assuming market rents is $42,000,000. The Development's hypothetical market value as completed and stabilized, as of May 8, 2023, as restricted is $19,900,000. The Appraisal was signed and certified by Michael Ahwash. His Florida State Certified Registered Appraiser's license number is RZ2326, which is valid through November 30, 2024.

First Housing received a Plan and Cost Analysis, dated March 27, 2023 from OSG. OSG has reviewed an executed Standard Form of Agreement between Owner and Contractor (AIA Document A102-2017) Where the Basis of Payment is the Cost of Work Plus a Fee with a Guaranteed Maximum Price, dated March 1, 2023. The GMP is $25,454,455. OSG has been provided the Change Order, dated May 19, 2023, which established a contract sum of $27,258,661. An updated PCA from OSG, verifying removal of required allowances and satisfactory review of the Change Order is a condition to close.

Recommendation

First Housing recommends a MMRB in the amount of $24,000,000, a Viability Loan in the amount of $2,999,999, and an annual 4% HC Allocation of $2,009,091 to finance the construction and permanent financing of the Development.

Closing of the transaction is subject to the following conditions:

1. All closing conditions in the Final CUR must be met.

2. Any change in the bond purchaser from Deutsche Bank or Arc 70 is subject to approval by FHFC and must not create a substantial user issue.

3. Firm Commitment from Bellwether (construction and permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

4. Receipt and satisfactory review of final updated PCA.

5. All other due diligence required by FHFC, its Legal Counsel and Servicer.

Prepared by:

Thomas Wright

Thomas Wright
Senior Credit Underwriter

Reviewed by:

Ed Busansky
Senior Vice President

HC Allocation Calculation

Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$44,623,707
Less Land Costs	$3,117,647
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$2,869,690
Total Eligible Basis	$38,636,370
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$50,227,281
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	$2,009,091

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; site work, accounting fees, FHFC Fees, legal fees, marketing, market study, title insurance and recording fees, financial costs, ODR and closing costs.

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 credit 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.

GAP Calculation

Total Development Costs(including land and ineligible Costs)	$44,623,707
Less Mortgages	$24,499,999
Less Grants	$0
Equity Gap	$20,123,708
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.902590279
HC Required to meet Equity Gap	$22,297,737
Annual HC Required	$2,229,774

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the letter, dated May 31, 2023, from Enterprise. The Letter indicates the syndication price is $0.9025; however, the actual calculation of the syndication rate is $0.902590279.

Summary

HC Per Syndication Agreement	$2,006,664
HC Per Qualified Basis	$2,009,091
HC Per GAP Calculation	$2,229,774
Annual HC Recommended	$2,009,091
Syndication Proceeds based upon Syndication Agreement	$18,110,143

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.

FHDC

50% Test

Tax-Exempt Bond Amount	$24,000,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$24,000,000
Total Depreciable Cost	$38,636,370
Plus Land Cost	$3,117,647
Aggregate Basis	$41,754,017
Net Tax-Exempt Bond to Aggregate Basis Ratio	57.48%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FHDC

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	$2,034,828	$2,075,525	$2,117,035	$2,159,376	$2,202,563	$2,246,615	$2,291,547	$2,337,378	$2,384,125	$2,431,808	$2,480,444	$2,530,053	$2,580,654	$2,632,267	$2,684,912
	Other Income															
	Ancillary Income	$42,325	$43,172	$44,035	$44,916	$45,814	$46,730	$47,665	$48,618	$49,590	$50,582	$51,594	$52,626	$53,678	$54,752	$55,847
	Washer/Dryer Rentals	$18,720	$19,094	$19,476	$19,866	$20,263	$20,668	$21,082	$21,503	$21,933	$22,372	$22,820	$23,276	$23,741	$24,216	$24,701
	Gross Potential Income	$2,095,873	$2,137,790	$2,180,546	$2,224,157	$2,268,640	$2,314,013	$2,360,293	$2,407,499	$2,455,649	$2,504,762	$2,554,857	$2,605,955	$2,658,074	$2,711,235	$2,765,460
	Less:															
	Physical Vac. Loss Percentage: 4.00%	$83,835	$85,512	$87,222	$88,966	$90,746	$92,561	$94,412	$96,300	$98,226	$100,190	$102,194	$104,238	$106,323	$108,449	$110,618
	Collection Loss Percentage: 1.00%	$20,959	$21,378	$21,805	$22,242	$22,686	$23,140	$23,603	$24,075	$24,556	$25,048	$25,549	$26,060	$26,581	$27,112	$27,655
	Total Effective Gross Income	$1,991,079	$2,030,901	$2,071,519	$2,112,949	$2,155,208	$2,198,312	$2,242,279	$2,287,124	$2,332,867	$2,379,524	$2,427,115	$2,475,657	$2,525,170	$2,575,673	$2,627,187
EXPENSES:	Fixed:															
	Real Estate Taxes	$154,000	$158,620	$163,379	$168,280	$173,328	$178,528	$183,884	$189,401	$195,083	$200,935	$206,963	$213,172	$219,567	$226,154	$232,939
	Insurance	$132,600	$136,578	$140,675	$144,896	$149,242	$153,720	$158,331	$163,081	$167,974	$173,013	$178,203	$183,549	$189,056	$194,728	$200,569
	Variable:															
	Management Fee Percentage: 5.00%	$99,554	$101,545	$103,576	$105,647	$107,760	$109,916	$112,114	$114,356	$116,643	$118,976	$121,356	$123,783	$126,259	$128,784	$131,359
	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	$249,600	$257,088	$264,801	$272,745	$280,927	$289,355	$298,035	$306,977	$316,186	$325,671	$335,442	$345,505	$355,870	$366,546	$377,542
	Utilities	$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964
	Marketing and Advertising	$11,700	$12,051	$12,413	$12,785	$13,168	$13,564	$13,970	$14,390	$14,821	$15,266	$15,724	$16,196	$16,681	$17,182	$17,697
	Maintenance and Repairs/Pest Control	$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
	Grounds Maintenance and Landscaping	$31,200	$32,136	$33,100	$34,093	$35,116	$36,169	$37,254	$38,372	$39,523	$40,709	$41,930	$43,188	$44,484	$45,818	$47,193
	Reserve for Replacements	$46,800	$48,204	$49,650	$51,140	$52,674	$54,254	$55,882	$57,558	$59,285	$61,063	$62,895	$64,782	$66,726	$68,727	$70,789
	Total Expenses	$1,037,454	$1,067,582	$1,098,594	$1,130,516	$1,163,375	$1,197,199	$1,232,016	$1,267,855	$1,304,747	$1,342,723	$1,381,815	$1,422,056	$1,463,480	$1,506,121	$1,550,017
	Net Operating Income	$953,625	$963,319	$972,925	$982,433	$991,833	$1,001,114	$1,010,263	$1,019,269	$1,028,120	$1,036,801	$1,045,300	$1,053,601	$1,061,690	$1,069,552	$1,077,170
	Debt Service Payments															
	First Mortgage - FHFC/Bellwether/DB/Arc70	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208	$786,208
	Second Mortgage - FHFC	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
	Third Mortgage - OC	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514	$179,514
	Fourth Mortgage - OC	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	First Mortgage Fees - FHFC/Bellwether/DB/Arc70	$40,459	$40,381	$40,294	$40,199	$40,094	$39,979	$39,853	$39,716	$39,566	$39,403	$39,226	$39,034	$38,826	$38,600	$38,356
	Second Mortgage Fees - FHFC	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500
	Third Mortgage Fees - OC	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500
	Fourth Mortgage Fees - OC	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750
	Total Debt Service Payments	$1,066,931	$1,066,852	$1,066,766	$1,066,670	$1,066,565	$1,066,451	$1,066,325	$1,066,188	$1,066,038	$1,065,875	$1,065,698	$1,065,506	$1,065,297	$1,065,071	$1,064,827
	Cash Flow after Debt Service	-$113,305	-$103,533	-$93,841	-$84,237	-$74,732	-$65,337	-$56,062	-$46,918	-$37,918	-$29,074	-$20,398	-$11,905	-$3,607	$4,481	$12,342
	Debt Service Coverage Ratios															
	DSC - First Mortgage plus Fees	1.15	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.25	1.26	1.27	1.28	1.29	1.30	1.31
	DSC - Second Mortgage plus Fees	1.10	1.11	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25
	DSC - Third Mortgage plus Fees	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.97	0.98	0.99	1.00	1.01	1.01	1.02
	DSC - Fourth Mortgage plus Fee	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.96	0.97	0.98	0.99	1.00	1.00	1.01
	DSC - All Mortgages and Fees	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.96	0.97	0.98	0.99	1.00	1.00	1.01
	Financial Ratios															
	Operating Expense Ratio	52.11%	52.57%	53.03%	53.50%	53.98%	54.46%	54.94%	55.43%	55.93%	56.43%	56.93%	57.44%	57.96%	58.47%	59.00%
	Break-even Economic Occupancy Ratio (all debt)	100.66%	100.09%	99.55%	99.04%	98.54%	98.07%	97.63%	97.20%	96.79%	96.41%	96.05%	95.71%	95.39%	95.08%	94.80%

Viability Sizing Chart

Viability Loan Sizing Parameters and Metrics

Select the Development		Barnett Villas
RFA of Active Award		Non-Competitive App
Demographic Commitment		Family
Total Number of Units		156
Existing Competitive Active Awards:		Set-Aside Units
9% HC Allocation	NA	NA
SAIL	NA	NA
ELI	NA	NA
NHTF	NA	NA
HOME	NA	NA
Tax Exempt Bond Financing:		
If MMRB, how much is the Perm Amount?	$ 12,200,000	156*
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 (156 units x $125,000 PU)		$ 19,500,000
Lesser of Net Per Development or PU Limit		**$ 4,300,000**

Viability Loan Sizing Parameters		Does the stated Eligible Request Amount need to be adjusted?
a. Eligible Request Amount:		No
Applicant's Request Amount	$ 2,999,999	If so, how much should be deducted?
Per Development/PU Limit	$ 4,300,000	
Eligible Request Amount:	**$ 2,999,999**	

b. Gap Analysis for Viability Sizing Purposes Only:

Permanent Funding Sources:		DS w/ Fees	DSCR	NCF
Traditional First Mortgage	$ 14,383,552.72	$ 961,529	0.9918x	$ (7,904)
Viability	$ 2,999,999.00	$ 30,000	0.9618x	$ (37,904)
FHFC Source 1 - NA	$ -	$ -	0.9618x	$ (37,904)
FHFC Source 2 - NA	$ -	$ -	0.9618x	$ (37,904)
FHFC Source 3 - NA	$ -	$ -	0.9618x	$ (37,904)
OC	$ 5,000,000.00	$ 192,014	0.8057x	$ (229,918)
OC	$ 4,300,000.00	$ 10,750	0.7985x	$ (240,668)
		$ -	0.7985x	$ (240,668)
		$ -	0.7985x	$ (240,668)
<additional source>	$ -	$ -	0.7985x	$ (240,668)
HC Equity	$ 18,110,143.00			
Deferred Developer Fee (40.01%)	$ 2,480,099.00			
Total Sources	$ 47,273,793.72	$ 1,194,293	0.7985x	$ (240,668)
Additional First Mortgage *(Min 1st Sizing)*	$ -	$ -		
Additional First Mortgage *(DCR Sizing)*	$ 2,183,552.72	$ -		

Permanent Funding Sources do not equal Total Development Costs. Permanent Sources must be decreased by $2,595,220.48. Suggested edits include reducing the Deferred Developer Fee by $620,513.00 and take the remainder from the Viability Loan.

Total Development Costs	$44,678,573
Maximum Developer Fee Percentage	18%
Total Developer Fee	$ 6,198,620.00
Minimum 30% Deferred Developer Fee	$ 1,859,586.00

**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	$ 1,991,079.00
Total Operating Expenses in CUR Yr 1	$ 1,037,454.00
Net Operating Income in CUR Yr 1	$ 953,625.00
Actual Traditional 1st Mortgage:	
Proposed Amount of Traditional 1st Mortgage	**$ 12,200,000.00**
Traditional 1st Mtg Amortization (Years)	40.00
Traditional 1st Mtg Interest Rate	5.760%
Traditional 1st Mtg Mortgage Constant	6.40292%
Local HFA Bond Fees, if applicable	$ -
Traditional 1st Mtg DSCR (w/ fees)	1.16x
Net Cash Flow (NCF) after 1st Mtg Debt Service	$ 131,907.23
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$ -
NCF after FHFC Subsidy Loans DS & Fees	$ 131,907.23
RFA 2023-211 Minimum 1st Mortgage:	
Maximum 1st Mtg DSCR from Viability RFA	1.30x
Sized Debt Service from maximum DSCR	$ 733,557.69
MMRB Fees to be included in Sized Debt Service	$ 40,561.44
Sized Debt Service to be incorporated, net of fees	$ 692,996.25
Mortgage Constant to be incorporated	6.40292%
Resulting minimum 1st Mtg	**$ 10,823,127.08**
NCF after resulting minimum 1st Mtg	$ 220,067.31
NCF after FHFC Subsidy Loans DS & Fees	$ 220,067.31
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:	
Total Vacancy & Collection Rate in CUR	5.000%
Revenue Growth Rate in CUR	2.000%
Operating Expense Growth Rate in CUR	3.000%
Amortization to be incorporated (Years)	40.00
Interest Rate to be incorporated	NA
Resulting Mortgage Constant for qualifying debt	NA
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

			Add'l MMRB Fees for Add'l 1st Mtg Funding
Permanent Loan Servicing		$ 2,832.00	
MMRB Annual Fee	0.023%	$ 2,806.00	$ 476.22
MMRB Annual Minimum	$2,832	$ 2,832.00	
MMRB Permanent Loan Servicing Fee		**$ 2,832.00**	
Non-MMRB Annual Fee(s)	0.00%	$ -	
Non-MMRB Annual Minimum(s)	$0	$ -	
Non-MMRB Annual Maximum(s)	$0	$ -	
Non-MMRB Permanent Loan Servicing Fee(s)		**$ -**	
Compliance Monitoring		$ 3,949.44	
MMRB Annual Base Fee	$2,196	$ 2,196.00	
Additional MMRB PSAU Fee	$11.24	$ 1,753.44	
MMRB Minimum Annual Fee	$3,216	$ 3,216.00	
MMRB Compliance Monitoring Fee		**$ 3,949.44**	
Non-MMRB Annual Base(s)	$0	$ -	
Additional Non-MMRB PSAU Fee(s)	$0.00	$ -	
Non-MMRB Annual Minimum(s)	$0	$ -	
Multiple Program Fee(s)	$1,023	$ -	
Non-MMRB Compliance Monitoring Fee(s)		**$ -**	
FHFC MMRB Ongoing Issuer Fees		$ 29,280.00	
MMRB Annual Fee	0.24%	$ 29,280.00	$ 5,240.53
MMRB Annual Minimum	$10,000	$ 10,000.00	
FHFC MMRB Trustee Fees		$ 4,500.00	
Flat Rate	$4,500	$ 4,500.00	

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?	Yes
If yes, what was the Net Operating Income used in calculating the DSCR?	$ 925,516.00
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?	$ 1,159,090.00
If yes, what was the overall Debt Coverage Ratio, inclusive of all applicable Permanent Sources of Funding?	0.7985x
The actual overall Debt Coverage Ratio, inclusive of all actual applicable Permanent Sources of Funding *(**excludes** any additional sized 1st Mtg)* is:	0.9044x
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:	0.9044x

With the Debt Coverage Ratio preliminarily enhanced after Viability, the RFA requires the insertion of an additional first mortgage amount in the gap analysis so the resulting inclusive debt service creates an updated Debt Coverage Ratio that is equal to the prior Debt Coverage Ratio with the Viability Loan re-sized accordingly. Given the loan structure of the proposed Traditional First Mortgage, it is recommended the 1st Mtg be artificially increased by an amount of $2,183,552.72 for DCR sizing to acheive the intended DCR of 0.7985x.

The existing debt coverage ratio of 0.7985x is being enhanced with the Viability Loan sizing process, but Additional First Mortgage sizing has been included in the gap process to size the Viability Loan per RFA requirements.

- The DSC has improved from the original CUR but the increase is due to the restructuring of the subordinate debt and not as a result of the addition of the viability loan.

FLORIDA HOUSING FINANCE CORPORATION
AMENDED AND RESTATED
AUTHORIZATION RESOLUTION
BARNETT VILLAS

RESOLUTION NO. _______

A RESOLUTION AUTHORIZING THE ISSUANCE OF MULTIFAMILY MORTGAGE REVENUE BONDS, 2023 SERIES __ [ONE OR MORE SERIES OR SUBSERIES TO BE DESIGNATED] (BARNETT VILLAS), OR SUCH OTHER DESIGNATION FOR EACH SERIES OR SUBSERIES AS SHALL BE DETERMINED, OF THE FLORIDA HOUSING FINANCE CORPORATION; PROVIDING FOR A MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF SUCH BONDS; APPROVING THE PREPARATION, EXECUTION AND DELIVERY OF A TRUST INDENTURE AND A LOAN AGREEMENT OR FINANCING AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE PURCHASE OF SUCH BONDS PURSUANT TO SUCH TRUST INDENTURE, OR A BOND PURCHASE OR PLACEMENT AGREEMENT, OR SIMILAR AGREEMENT, FROM OR ON BEHALF OF BELLWEATHER ENTERPRISE REAL ESTATE CAPITAL, LLC OR DEUTCHE BANK OR ARC 70, AS AN ASSIGNEE OF BELLWEATHER, OR A DESIGNEE APPROVED BY FLORIDA HOUSING IN ACCORDANCE WITH THE TERMS HEREOF, TO THE FLORIDA HOUSING FINANCE CORPORATION, AND A LOAN MADE PURSUANT TO A LOAN AGREEMENT OR FINANCING AGREEMENT TO THE BORROWER NAMED THEREIN; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF ALL DOCUMENTS NECESSARY OR DESIRED IN CONNECTION WITH THE ISSUANCE AND SALE OF SUCH BONDS, INCLUDING, BUT NOT LIMITED TO, A PRIVATE PLACEMENT MEMORANDUM OR TRANSACTION SUMMARY; AUTHORIZING ALL ACTIONS NECESSARY FOR FINAL APPROVAL OF THE ISSUANCE AND SALE OF SUCH BONDS 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 Economic Opportunity 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, notes and other evidences 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 of its Multifamily Mortgage Revenue Bonds, 2023 Series __ [one or more series or subseries to be designated] (Barnett Villas), or such other designation for each series or subseries as shall be determined by Florida Housing (collectively, the "Bonds"), as tax-exempt or taxable bonds, for the purpose of making a loan to BDG Barnett Villas, LP, together with its predecessors, successors, assigns, affiliates and/or related entities (the "Borrower"), to finance the acquisition, construction and equipping of an approximately 156 unit multifamily residential rental development for persons of low, moderate and middle income, named Barnett Villas, located in Orange County, Florida (the "Property"); provided that the aggregate principal amount of the Bonds shall not exceed (a) $24,000,000 or (b) such greater aggregate principal amount of Bonds which at the time of issuance does not exceed an aggregate principal amount that would result in a debt service coverage ratio for the Bonds, as reflected in the Credit Underwriter Confirmation (as defined below) for the Property, of less than 1.00, subject to private activity bond allocation being made available for the tax-exempt Bonds and compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); 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) 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) Private enterprise, unaided, is not meeting and cannot reasonably be expected to meet the need for such residential housing; and

(3) The need for such residential housing will be alleviated by the financing of the Property; and

WHEREAS, Florida Housing desires to take all action necessary to give final approval to make moneys available for the financing of the Property and to issue the Bonds in compliance with the Act and other applicable provisions of law;

NOW THEREFORE, it is hereby ascertained, determined and resolved that:

1. The Property is given final approval for financing on the terms and conditions described in the Credit Underwriting Report presented to and approved by the Board on April 28, 2023, as such Credit Underwriting Report has been revised by the terms and conditions described in the Credit Underwriting Update Letter for the Property presented to the Board on this date (collectively, the "Credit Underwriting Report"), with such deviations as the Executive Director of Florida Housing, in consultation with staff of Florida Housing and Special Counsel to Florida Housing, may approve. Execution of the loan agreement or financing agreement described below by an Authorized Signatory (as defined below) shall be conclusive evidence of such approval.

2. Florida Housing hereby authorizes the issuance and sale of the Bonds as tax-exempt or taxable "Bonds" (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) $24,000,000 or (b) such greater aggregate principal amount of Bonds which, at the time of issuance, does not exceed an aggregate principal amount that would result in a debt service coverage ratio for the Bonds, as reflected in the Credit Underwriter Confirmation, of less than 1.00, subject to receipt of private activity bond allocation being made available for the tax-exempt Bonds and compliance with Section 147(f) of the Code. Subject to the immediately preceding sentence, the maximum amount of Bonds that may be issued shall be determined by an Authorized Signatory after receipt of the Credit Underwriter Confirmation. Conclusive evidence of the approval of any such increased aggregate principal amount of Bonds shall be established by a certificate of an Authorized Signatory reflecting such increased aggregate principal amount.

The "Credit Underwriter Confirmation" is the written confirmation, delivered prior to the issuance of the Bonds, from the Florida Housing Credit Underwriter with respect to the Property that, taking into account any increased aggregate principal amount of Bonds, the conditions set forth in and the requirements of the Credit Underwriting Report presented to the Board at this meeting have been satisfied.

3. A trust indenture between Florida Housing and a corporate trustee setting forth the terms and conditions of the Bonds is hereby authorized to be prepared and delivered, in such form as may be approved by any member of the Board, the Executive Director of Florida Housing, the Chief Financial Officer of Florida Housing, the Comptroller of Florida Housing, 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 shall set forth as to the Bonds such maturities, interest rates and purchase price as shall be determined in accordance with the Act, including Section 420.509, Florida Statutes; the execution of such trust

indenture 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 loan agreement between Florida Housing and the Borrower or a financing agreement among Florida Housing, the Borrower and a corporate trustee, setting forth the terms of the loan of the proceeds of the Bonds by Florida Housing to the Borrower (the “Loan”), and the payment and other obligations of the Borrower in respect of the Loan, including the note made by the Borrower to Florida Housing evidencing the Loan, is hereby authorized to be prepared and delivered in such form as may be approved by an Authorized Signatory; the execution of such loan agreement or financing 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. A bond purchase or placement agreement, or similar agreement, among Florida Housing, Bellweather Enterprise Real Estate Capital, LLC (“Bellweather”) or Deutche Bank or Arc 70, as an assignee of Bellweather, or a designee approved by the Board or the Executive Director of Florida Housing to serve as the initial purchaser of the Bonds (the “Initial Purchaser”), and the Borrower, setting forth the terms and conditions of the initial purchase of the Bonds from Florida Housing by the Initial Purchaser, is hereby authorized to be prepared and delivered in such form as may be approved by an Authorized Signatory; the execution of such bond purchase or placement agreement, or similar 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.

6. A private placement memorandum or transaction summary is hereby authorized to be prepared and distributed in connection with the sale of the Bonds, in such form as shall be approved by an Authorized Signatory, and the execution of such private placement memorandum by an Authorized Signatory, or delivery of such transaction summary, shall be conclusive evidence of such approval; provided, however, that such approval shall not be construed to be a representation as to the accuracy, completeness or sufficiency of such document with respect to information not provided by Florida Housing.

7. The Bonds shall be sold in accordance with the requirements of the Act, including Section 420.509(12), Florida Statutes. In the event the Bonds shall be sold by a negotiated sale through a private placement pursuant to a bond purchase or placement agreement, or similar agreement, an Authorized Signatory is authorized to acknowledge and endorse such bond purchase or placement agreement, or similar agreement, upon approval of the terms thereof by the staff of Florida Housing and Special Counsel to Florida Housing, and the execution and delivery of such bond purchase or placement agreement, or similar agreement, by an Authorized Signatory shall be conclusive evidence of such approval.

8. An Authorized Signatory is authorized to cause to be prepared and to execute and deliver any additional documents necessary for the issuance of the Bonds or the making of the Loan, upon the approval of the terms of any credit enhancement, if applicable, and the security therefor by the staff of Florida Housing and Special Counsel to Florida Housing. All other actions by Florida Housing necessary for final approval to finance the acquisition, construction and equipping of the Property, the issuance of the Bonds or the making of the Loan, upon the approval

of the terms of any credit enhancement, if applicable, and the security therefor, in accordance with the requirements of the Credit Underwriting Report, are hereby authorized.

9. The principal of, premium, if any, and all interest on the Bonds shall be payable solely out of revenues and other amounts pledged therefor as described in the trust indenture for the Bonds. The Bonds 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; neither the credit, the revenues nor the taxing power of the State or any unit of local government thereof shall be, or shall be deemed to be, pledged to the payment of the Bonds.

10. The Bonds may be executed either manually or by facsimile signature by any officer of Florida Housing.

11. The maximum amount of Bonds authorized to be issued 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.

12. 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.

[Remainder of page intentionally left blank]

13. This Resolution shall take effect immediately upon adoption.

ADOPTED this 21st day of July, 2023.

(SEAL)

ATTEST:

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

____
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 an Amended and Restated Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Amended and Restated 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: _______________

FLORIDA HOUSING FINANCE CORPORATION
AMENDED AND RESTATED
SALE RESOLUTION
BARNETT VILLAS

RESOLUTION NO. ________

A RESOLUTION AUTHORIZING AND APPROVING THE NEGOTIATED SALE THROUGH A PRIVATE PLACEMENT OF MULTIFAMILY MORTGAGE REVENUE BONDS, 2023 SERIES __ [ONE OR MORE SERIES OR SUBSERIES TO BE DESIGNATED] (BARNETT VILLAS), OR SUCH OTHER DESIGNATION FOR EACH SERIES OR SUBSERIES AS SHALL BE DETERMINED, OF THE FLORIDA HOUSING FINANCE CORPORATION; AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF A BOND PURCHASE OR PLACEMENT AGREEMENT, OR SIMILAR AGREEMENT, AND SUCH OTHER DOCUMENTS AS ARE NECESSARY FOR THE NEGOTIATED SALE THROUGH A PRIVATE PLACEMENT OF SUCH BONDS; AUTHORIZING THE EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER, COMPTROLLER, OR ANY MEMBER OF THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION, OR ANY OTHER AUTHORIZED SIGNATORY, TO TAKE ANY OTHER ACTIONS NECESSARY TO NEGOTIATE THE SALE OF SUCH BONDS THROUGH A PRIVATE PLACEMENT 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 Economic Opportunity 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, notes and other evidences 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 or families of low, moderate or middle income; and

WHEREAS, Florida Housing adopted an amended and restated resolution authorizing the issuance of its Multifamily Mortgage Revenue Bonds, 2023 Series __ [one or more series or subseries to be designated] (Barnett Villas), or such other designation for each series or subseries as shall be determined by Florida Housing (collectively, the "Bonds"), as tax-exempt or taxable bonds, for the purpose of making funds available to finance the acquisition, construction and equipping of an approximately 156 unit multifamily residential rental development for persons of low, moderate and middle income, named Barnett Villas, located in Orange County, Florida; provided that the aggregate principal amount of the Bonds shall not exceed (a) $24,000,000 or (b) such greater aggregate principal amount of Bonds which, at the time of issuance, does not exceed an aggregate principal amount that would result in a debt service coverage ratio for the Bonds of less than 1.00 (subject to private activity bond allocation being made available for the tax-exempt Bonds and compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended); and

WHEREAS, the Act authorizes Florida Housing to negotiate with the (i) purchaser or purchasers designated by Florida Housing for a negotiated sale or private placement of the Bonds with such purchaser or purchasers or (ii) placement agent or placement agents designated by Florida Housing for a negotiated sale or private placement of the Bonds through such placement agent or placement agents, in each case, if Florida Housing by official action at a public meeting determines that such negotiated sale or private placement of the Bonds is in the best interest of Florida Housing; and

WHEREAS, Florida Housing has reviewed the market conditions and trends affecting the negotiated sale through a private placement of the Bonds; and

WHEREAS, Florida Housing has received a recommendation from its independent registered municipal advisor relating to the method of sale of the Bonds and reviewed the relative advantages of a negotiated sale of the Bonds through a private placement in light of 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 Bonds renders the Bonds a candidate for a negotiated sale through a private placement; and

WHEREAS, based on the foregoing, the Board hereby finds that a negotiated sale of the Bonds through a private placement is in the public's and Florida Housing's best interest, based on current market conditions and the structure of the issue. Existing and projected market conditions and any lack of flexibility in the sale of the Bonds could be prejudicial to Florida Housing and to the public. Additionally, the structure of the issue and the current demand for these types of obligations support a negotiated sale of the Bonds through a private placement.

NOW, THEREFORE, the Board hereby ascertains, determines and resolves that:

1. A negotiated sale of the Bonds through a private placement is in the best interest of Florida Housing and the public for the reasons herein described.

2. The negotiated sale of the Bonds through a private placement is to be negotiated by Florida Housing with or through RBC Capital Markets, LLC, or any other placement agent selected by Florida Housing (hereinafter referred to as the "Placement Agent"), and Bellweather Enterprise Real Estate Capital, LLC ("Bellweather") or Deutche Bank or Arc 70, as an assignee

of Bellweather, or a designee approved by the Board or the Executive Director of Florida Housing to serve as the initial purchaser of the Bonds (the "Initial Purchaser").

3. The Bonds are to be generally described as follows:

Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds,
2023 Series __ [one or more series or subseries to be designated]
(Barnett Villas)
[or such other designation for each series or subseries as shall be determined by Florida Housing].

4. Florida Housing shall negotiate directly or through the Placement Agent with the Initial Purchaser and execute such documents as are necessary to sell the Bonds to the Initial Purchaser pursuant to this Resolution. Any member of the Board, the Executive Director of Florida Housing, the Chief Financial Officer of Florida Housing, the Comptroller of Florida Housing, 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 negotiated sale of the Bonds through a private placement and to execute and deliver a bond purchase or placement agreement, or similar agreement, to facilitate such private placement (the "Bond Placement Agreement") upon approval of the terms of such agreement, and the execution and delivery of the Bond Placement Agreement by an Authorized Signatory shall be conclusive evidence of such approval.

5. The authority to execute the Bond Placement Agreement is predicated upon the Bond Placement Agreement providing for an interest rate on the Bonds that would facilitate an interest rate on the mortgage not to exceed the lesser of ten percent (10%) and the maximum rate

authorized under Florida law and would provide for a sale of the Bonds in conformance with the program documents.

6. An Authorized Signatory, 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 the issuance and negotiated sale of the Bonds through a private placement pursuant to this Resolution and to provide for the use of the proceeds of the Bonds contemplated by this Resolution.

7. The award of the Bonds pursuant to the terms of this Resolution shall be final without any further action by Florida Housing.

8. 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.

9. This Resolution shall take effect immediately upon adoption.

ADOPTED this 21st day of July, 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 an Amended and Restated Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Amended and Restated 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: _______________

July 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Tupelo Park – MMRN 2022 Series E / HOME & HOME Viability RFA 2019-109 (2020-401BH) / 4% HC (2018-545C)
Credit Underwriting Update Letter ("CUL") – Changes to the Credit Underwriting Report ("CUR") dated November 17, 2021 and CUR Update Letter dated April 20, 2022 for additional MMRN Issuance, an Increase to the First Mortgage Construction Loan (JPMorgan Chase Bank, N.A.) and Subordination of the HOME and HOME Viability Loans to the Chase First Mortgage Construction Loan

Dear Mr. Kennedy:

AmeriNat® ("AmeriNat") is in receipt of correspondence dated May 10, 2023, from Tupelo Park, LP ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") consent to increase the Multifamily Mortgage Revenue Notes ("MMRN") by $500,000 with a like increase to the First Mortgage Construction Loan amount provided by JPMorgan Chase Bank, N.A. ("Chase") from $8,200,000 (the "Current Construction Loan") to $8,700,000. The Current Construction Loan is superior to the Home Investment Partnership Loan ("HOME") and HOME Viability Loan ("HOME Viability") during the construction period only as described in the CUR which was approved at the December 10, 2021 FHFC Board meeting and a HOME Viability Loan CUR Update Letter which was approved at the April 29, 2022 FHFC Board meeting. The transaction closed on June 8, 2022.

At your direction, AmeriNat has reviewed the request and formulated a recommendation. AmeriNat's findings are presented below.

<u>Overview</u>

The Development is located at 609 Fernwood Street, Panama City Beach, Bay County, FL 32407. It will provide a total of 47 units, which will consist of 18 two bedroom/two bathroom and 29 three bedroom/two bathroom units contained within two garden-style apartment buildings. The Development will consist of the set-asides for MMRN, Housing Credits ("HC") and HOME Assisted Units as follows: not less than 20% of the units (10 units) for tenants with incomes at or below 50% of Area Median Income ("AMI") and 80% of the units (37 units) for tenants with incomes at or below 60% of AMI for a period of 50 years.

Chase provided the Current Construction Loan, which consists of a $8,200,000 construction period only loan with a 24-month term and one, six-month extension. Berkadia Commercial Mortgage LLC ("Berkadia") is providing a permanent loan in the amount of $2,884,000 through Federal Home Loan Mortgage's (Freddie Mac") Tax-Exempt Loan Program (the "TEL Program"). Principal and interest payments on the permanent loan will be based on a 15-year term and a 35-year amortization.

On May 4, 2022, FHFC issued a revised firm commitment for a $4,300,000 HOME loan and a $1,125,000 HOME Viability loan for a total loan amount of $5,425,000 and the Borrower accepted it on May 9, 2022.

An executed First Amended and Restated Limited Partnership Agreement ("ARLPA") dated June 1, 2022 indicated an annual allocation of 4% HC purchased by Hunt Capital Partners Tax Credit Fund 37 LP, an affiliate of Hunt Capital Partners, LLC ("Hunt"), providing a net equity investment of $7,343,783 in exchange for a 99.99% Investment Member ownership interest and a proportionate share of the total HC allocation estimated by Hunt to be $8,137,970.

Construction/Permanent Sources

The construction and permanent financing sources in the Servicer Closing Letter ("Closing Letter") dated June 8, 2022 is as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
FHFC - MMRN	FHFC / JPMorgan Chase Bank, N.A.	$8,200,000	$0	$0
FHFC - MMRN	FHFC / Berkadia / Freddie Mac	$0	$2,884,000	$61,362
FHFC - HOME	FHFC	$4,300,000	$4,300,000	$91,489
FHFC - Viability	FHFC	$1,125,000	$1,125,000	$23,936
Non-FHFC Grant	The Transformation Group	$50,000	$50,000	$1,064
HC Equity	Hunt Capital Partners, LLC	$1,101,568	$7,343,783	$156,251
Deferred Developer Fee	Developer	$2,052,976.17	$1,126,761.17	$23,974
TOTAL		$16,829,544.17	$16,829,544.17	$358,075

The proposed construction and permanent financing sources are anticipated to be as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
FHFC - MMRN	FHFC / JPMorgan Chase Bank, N.A.	$8,700,000	$0	$0
FHFC - MMRN	FHFC / Berkadia / Freddie Mac	$0	$2,884,000	$61,362
FHFC - HOME	FHFC	$4,300,000	$4,300,000	$91,489
FHFC - Viability	FHFC	$1,125,000	$1,125,000	$23,936
Non-FHFC Grant	The Transformation Group	$50,000	$50,000	$1,064
HC Equity	Hunt Capital Partners Tax Credit Fund 37 LP	$1,101,568	$7,343,783	$156,251
Deferred Developer Fee	Developer	$2,344,543.56	$1,918,328.56	$40,816
TOTAL		$17,621,111.56	$17,621,111.56	$374,917

The Borrower provided a term sheet dated May 31, 2023 from Chase evidencing a supplemental tax-exempt note purchase in an amount not to exceed $500,000 (known as the "Supplemental Loan") to be added to the Current Construction Loan in the amount of $8,200,000. The Supplemental Loan will be conterminous with the Current Construction Loan, which has a documented maturity date of December 1, 2024 (which includes a 24-month construction period and one, six-month extension option). The Supplemental Loan will have an initial term of 10 months with an anticipated closing date of August 2023 and will include one, six-month extension option. The six-month maturity extension of the Supplemental Loan shall in no event be extended beyond the term of the Current Construction Loan. The extension fee is 0.25% of the sum of the loan balance of the Supplemental Loan and the amount remaining of the Current Construction Loan.

The Supplement Loan shall bear interest at a per annum interest rate equal to the one-month Secured Overnight Financing Rate ("SOFR"), currently 5.05%, plus 190 basis points, subject to a SOFR rate floor of 0.15%. The indicative rate as of June 13, 2023 is 7.95%, inclusive of a 1.00% underwriting cushion. Additionally, AmeriNat received correspondence from Berkadia consenting to the proposed additional MMRN/construction loan funds.

Deferred Developer Fee has increased by $291,567.39 from $2,052,976.17 to $2,344,543.56 during construction and $791.567.39 from $1,126,761.17 to $1,918,328.56 during the permanent phase when compared to the Closing Letter. All remaining sources of funds will remain unchanged.

Please note that since the Development is still under construction, cost overruns could further impact the final numbers. Therefore, AmeriNat does not recommend any reduction in the HOME Loan or HOME Viability Loan proceeds, as the Development will need to document and support that full funding is still needed to complete the Development as proposed via their pay applications and construction draws and a final cost certification.

Development Costs

Since the Closing Letter was issued, the Total Development Cost ("TDC") has increased by $791,567.39 from $16,829,544.17 to $17,621,111.56. The per unit TDC amount for the Development has increased from $297,795.74 per unit at the time of the CUR to $356,508.16 inclusive of the proposed additional costs as presented. The maximum allowable TDC per unit at the time of the CUR was $258,000; however, further adjustments approved by FHFC's Board to the per unit TDC limit now yields a maximum value of $411,825.38 per unit for new construction wood on concrete podium Enhanced Structural System ("ESS") garden style apartments, inclusive of $7,500/unit boosts for HOME and Tax-Exempt Bonds. As such, the Development remains in compliance and eligible to receive funding. Please see Exhibit 'A' as attached for further detail regarding the reallocations made through Construction Draw #10 and the revised development budget proposed by the Borrower.

An Inspection Field Report Number 9 (the "Report") dated May 9, 2023 was received from GLE Associates, Inc. ("GLE"), the construction consultant retained for the transaction by AmeriNat. Per the Report, construction was 37.8% complete. Based on GLE's observations as conducted on May 2, 2023, construction is consistent with the plans and specifications, and the work is generally being conducted in accordance with construction industry standards.

50% Test for Tax-Exempt Bonds (the "50% Test")

The proposed increase in MMRN proceeds yields the following impact to the 50% Test:

Total DEPRECIABLE Cost	$16,044,298
Plus: Land Cost	$650,000
Equals Aggregate Basis	$16,694,298
Tax Exempt Bond Amount	$8,700,000
Tax Exempt Proceeds Used for Building and Land	$8,700,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	52.11%

The calculation is based on the Borrower's revised development budget, accompanying HC ineligible items, and the increase in construction-period MMRN. As a point of reference, the 50% Test indicated in the CUR was 62.49%.

Recommendation

AmeriNat concludes that an additional MMRN issuance in the amount of $500,000, which increases the Current Construction Loan from $8,200,000 to $8,700,000 will not adversely impact the transaction and/or Florida Housing's security position. The HOME and HOME Viability loans will remain in second and third lien positions, respectively, during the construction period and the permanent phase. Accordingly, AmeriNat recommends that Florida Housing approve the additional MMRN issuance and subordination of the HOME and HOME Viability loans to the Chase First Construction Mortgage Loan, as applicable subject to the following:

1. Review and approval of all loan documents consistent with the terms outlined above by Florida Housing, its Legal Counsel, and Servicer.
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 (Borrower 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 a Borrower or a Developer).
3. Payment of all costs and fees to Florida Housing, its Legal Counsel, and Servicer, as applicable.
4. Satisfactory resolution of any past due and/or noncompliance items.
5. Consent of Investor Limited Partner, as applicable.
6. Any other reasonable requirements of the Servicer, Florida Housing, and its Legal Counsel.

Please feel free to contact me with any questions or comments.

Sincerely,

George J. Repity
Senior Credit Underwriter

Exhibit A

CONSTRUCTION COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
New Rental Units	$8,783,845.00	8,783,845.00	-	8,783,845.00	9,560,185.77
Site Work	$338,303.00	338,303.00	-	338,303.00	338,303.00
Constr. Contr. Costs subject to GC Fee	$9,122,148.00	9,122,148.00	-	9,122,148.00	9,898,488.77
General Conditions	$547,328.00	547,328.00	-	547,328.00	-
Overhead	$182,442.00	182,442.00	-	182,442.00	1,388,549.79
Profit	$547,328.00	547,328.00	-	547,328.00	-
General Liability Insurance	$41,050.00	41,050.00	-	41,050.00	41,050.00
Total Construction Contract/Costs	$10,440,296.00	10,440,296.00	-	10,440,296.00	11,328,088.56
Hard Cost Contingency	$522,014.00	522,014.00	(522,014.00)	-	-
PnP Bond paid outside Constr. Contr.	$89,584.00	83,091.00	(6,493.00)	83,091.00	83,091.00
FF&E paid outside Constr. Contr.	$60,000.00	60,000.00	-	60,000.00	60,000.00
Change Orders #1 thru #9	$0.00	-	629,630.35	629,630.35	-
Total Construction Costs:	**$11,111,894.00**	**11,105,401.00**	**101,123.35**	**11,213,017.35**	**11,471,179.56**

GENERAL DEVELOPMENT COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
Accounting Fees	$25,000.00	25,000.00	-	25,000.00	25,000.00
Appraisal	$10,500.00	17,500.00	7,000.00	17,500.00	17,500.00
Architect's Fee - Site/Building Design	$174,000.00	174,000.00	-	174,000.00	174,000.00
Architect's Fee - Supervision	$60,690.00	60,690.00	-	60,690.00	60,690.00
Building Permits	$30,315.00	30,315.00	-	30,315.00	44,929.55
Builder's Risk Insurance	$60,677.00	40,496.51	(20,180.49)	40,496.51	85,489.57
Engineering Fees	$70,000.00	70,000.00	-	70,000.00	86,958.00
Environmental Report	$10,000.00	10,000.00	-	10,000.00	10,000.00
FHFC Administrative Fees	$40,925.00	40,924.46	(0.54)	40,924.46	40,924.46
FHFC Application Fee	$3,000.00	3,000.00	-	3,000.00	3,000.00
FHFC Credit Underwriting Fee	$19,834.00	25,830.00	5,996.00	25,830.00	30,438.00
Impact Fee	$103,365.00	81,069.00	(22,296.00)	81,069.00	206,393.83
Lender Inspection Fees / Const Admin	$76,440.00	76,440.00	-	76,440.00	31,440.00
Green Building Cert. (LEED, FGBC, NAHB)	$22,100.00	22,100.00	-	22,100.00	22,100.00
Insurance	$50,000.00	50,000.00	-	50,000.00	50,000.00
Legal Fees - Organizational Costs	$75,000.00	138,142.19	63,142.19	138,142.19	138,142.00
Market Study	$10,500.00	10,500.00	-	10,500.00	10,500.00
Marketing and Advertising	$70,000.00	70,000.00	-	70,000.00	45,000.00
Plan and Cost Review Analysis	$2,700.00	4,500.00	1,800.00	4,500.00	4,500.00
Property Taxes	$75,000.00	75,000.00	-	75,000.00	75,000.00
Soil Test	$12,500.00	20,000.00	7,500.00	20,000.00	20,000.00
Survey	$75,000.00	75,000.00	-	75,000.00	75,000.00
Title Insurance and Recording Fees	$50,000.00	61,867.78	11,867.78	61,867.78	61,867.78
Utility Connection Fees	$90,000.00	90,000.00	-	90,000.00	-
Soft Cost Contingency	$60,877.00	63,618.75	2,741.75	63,618.75	2,325.00
Total General Development Costs:	**$1,278,423.00**	**1,335,993.69**	**57,570.69**	**1,335,993.69**	**1,321,198.19**

FINANCIAL COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
Construction Loan Origination Fee	$73,800.00	73,800.00	-	73,800.00	78,300.00
Construction Loan Interest	$289,203.00	296,000.00	6,797.00	296,000.00	608,615.00
Permanent Loan Origination Fee	$65,500.00	80,000.00	14,500.00	80,000.00	186,682.00
Permanent Loan Closing Costs	$0.00	-	-	-	50,500.00
FHFC Note Fiscal Agent Fee	$9,000.00	9,000.00	-	9,000.00	9,000.00
FHFC Note Cost of Issuance	$194,930.00	195,009.00	79.00	195,009.00	195,009.00
Misc Loan Closing Costs	$0.00	-	-	-	85,000.00
Misc Loan Interest	$0.00	3,335.81	3,335.81	3,335.81	3,335.81
Legal Fees - Financing Costs	$85,000.00	135,500.00	50,500.00	135,500.00	-
Placement Agent/Underwriter Fee	$35,000.00	35,000.00	-	35,000.00	35,000.00
Initial TEFRA Fee	$1,000.00	1,000.00	-	1,000.00	2,000.00
Other: Syndication Fees	$70,000.00	70,000.00	-	70,000.00	70,000.00
Other: FMAC Standby Fee	$9,825.00	8,652.00	(1,173.00)	8,652.00	
Other: Issuer Fee (2 years)	$39,360.00	39,360.00	-	39,360.00	40,960.00
Other: FHFC HOME Extension Fees	$43,000.00	43,000.00	-	43,000.00	43,000.00
Other: FMAC Fees	$105,000.00	98,030.00	(6,970.00)	98,030.00	
Total Financial Costs:	**$1,020,618.00**	**1,087,686.81**	**67,068.81**	**1,087,686.81**	**1,407,401.81**
Dev. Costs before Acq., Dev. Fee & Reserves	**$13,410,935.00**	**13,529,081.50**	**225,762.85**	**13,636,697.85**	**14,199,779.56**

DEVELOPER FEE ON NON-ACQUISTION COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
Developer Fee - Unapportioned	$2,413,968.00	2,433,296.67	19,328.67	2,433,296.67	2,556,104.00
DF to Consultant Fees	$0.00	1,938.00	1,938.00	1,938.00	
Total Other Development Costs:	**$2,413,968.00**	**2,435,234.67**	**21,266.67**	**2,435,234.67**	**2,556,104.00**

LAND ACQUISITION COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
Land	$650,000.00	650,000.00	650,000.00	650,000.00	650,000.00
Total Acquisition Costs:	**$650,000.00**	**650,000.00**	**650,000.00**	**650,000.00**	**650,000.00**

RESERVE ACCOUNTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
Operating Deficit Reserve (Syndicator)	$213,228.00	215,228.00	2,000.00	215,228.00	215,228.00
Replacement Reserves (FHFC)	$14,100.00	-	(14,100.00)	-	
Total Reserve Accounts:	**$227,328.00**	**215,228.00**	**(12,100.00)**	**215,228.00**	**215,228.00**

TOTAL DEVELOPMENT COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations To Date	Draw 10 Current Budget Totals	Applicant's Proposed Budget
TOTAL DEVELOPMENT COSTS:	**$16,702,231.00**	**$ 16,829,544.17**	**$ 884,929.52**	**$ 16,937,160.52**	**$ 17,621,111.56**

Please note that soft cost contingency and Developer Fee line items from the Borrower's development budget have been adjusted so the amounts do not exceed the maximum allowable 5.00% and 18.00%, respectively, thresholds as required by the RFA and FHFC Rule Chapters 67-21 and 67-48, F.A.C.

FLORIDA HOUSING FINANCE CORPORATION
AMENDED AND RESTATED AUTHORIZATION RESOLUTION
TUPELO PARK APARTMENTS

RESOLUTION NO. 2023-[ ]

(A RESOLUTION OF THE FLORIDA HOUSING FINANCING CORPORATION AMENDING AND RESTATING RESOLUTION NO. 2021-069 ORIGINALLY ADOPTED DECEMBER 10, 2021.)

A RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 SERIES E (TUPELO PARK APARTMENTS), INCLUDING ADDITIONAL COMPLETION NOTES DESIGNATED 2023 SERIES [ ] THEREOF, OF THE FLORIDA HOUSING FINANCE CORPORATION ("FLORIDA HOUSING"); APPROVING THE PREPARATION, ISSUANCE, EXECUTION AND DELIVERY OF A TRUST INDENTURE, AND AMENDMENTS AND SUPPLEMENTS THERETO, BETWEEN FLORIDA HOUSING, JPMORGAN CHASE BANK, N.A., OR AN AFFILIATE THEREOF, AND A CORPORATE TRUSTEE, AND A LOAN AGREEMENT BETWEEN FLORIDA HOUSING AND THE BORROWER NAMED THEREIN, AND AMENDMENTS AND SUPPLEMENTS THERETO; AUTHORIZING A LOAN FROM JPMORGAN CHASE BANK, N.A., OR AN AFFILIATE THEREOF, TO FLORIDA HOUSING EVIDENCED BY THE NOTES; AUTHORIZING THE LOANS MADE PURSUANT TO THE 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 TUPELO PARK 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 Economic Opportunity 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, 2022 Series E (Tupelo Park Apartments)(the "Original Notes") and additional completion notes designated as Tax-Exempt Multifamily Mortgage Revenue Notes, 2023 Series [ ] (the "Completion Notes" and, together with the Original Notes, the "Notes") for the purpose of making loans to Tupelo Park, LP, together with its predecessors, successors, assigns, affiliates and/or related entities (the "Borrower"), to finance the acquisition and construction of an approximately 47-unit multifamily residential rental development for persons of low, moderate, and middle income named Tupelo Park Apartments located in Panama City Beach, Bay County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $8,700,000 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 December 10, 2021 with respect to the Original Notes and pursuant to an Update Letter on this date with respect to the Notes (together, 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 trust indenture and the 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) $8,700,000 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 Original Notes and the Completion Notes, respectively, 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 trust indenture between Florida Housing, JPMorgan Chase Bank, N.A., or an affiliate thereof (the "Bank"), and a corporate trustee, which may be styled as a funding loan agreement or be in any other form, including amendments or supplements to cover the Completion Notes, setting forth the terms and conditions of the Notes (the "Trust Indenture"), 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 trust indenture 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 trust indenture 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 loan agreement between Florida Housing and the Borrower, including amendments or supplements to cover the Completion Notes, setting out the terms of the respective loans of the proceeds of the Notes by Florida Housing to the Borrower (together, the "Mortgage Loan"), and the payment and other obligations of the Borrower in respect of the Mortgage Loan, including the respective notes 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, including a supplement or amendment with respect to the Completion Notes, 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/or trust indenture, 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 and/or trust indenture, 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 trust indenture 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.

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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 an Amended & Restated Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Amended & Restated Resolution incorporated in the official record 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:_______________

FLORIDA HOUSING FINANCE CORPORATION
AMENDED AND RESTATED SALE RESOLUTION
TUPELO PARK APARTMENTS

RESOLUTION NO. 2023-[ ]

(A RESOLUTION OF THE FLORIDA HOUSING FINANCING CORPORATION AMENDING AND RESTATING RESOLUTION NO. 2021-070 ORIGINALLY ADOPTED DECEMBER 10, 2021.)

A RESOLUTION AUTHORIZING AND APPROVING THE LIMITED OFFERING OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 SERIES E (TUPELO PARK APARTMENTS), INCLUDING ADDITIONAL COMPLETION NOTES DESIGNATED 2023 SERIES [ ] THEREOF, OF THE FLORIDA HOUSING FINANCE CORPORATION; AUTHORIZING THE NEGOTIATION AND EXECUTION OF A NOTE PURCHASE AGREEMENT, AND AMENDMENTS AND SUPPLEMENTS THERETO, AND SUCH OTHER DOCUMENTS AS ARE NECESSARY FOR THE LIMITED OFFERING OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 SERIES E (TUPELO PARK APARTMENTS), INCLUDING ADDITIONAL COMPLETION NOTES DESIGNATED 2023 SERIES [ ] THEREOF, 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, 2022 SERIES E (TUPELO PARK APARTMENTS), INCLUDING ADDITIONAL COMPLETION NOTES DESIGNATED 2023 SERIES [ ] THEREOF, 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 Economic Opportunity 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 resolutions authorizing the issuance, execution and delivery of its Tax-Exempt Multifamily Mortgage Revenue Notes, 2022 Series E (Tupelo Park Apartments)(the "Original Notes"), including additional completion notes designated 2023 Series [ ] thereof (the "Completion Notes" and, together with the Original Notes, the "Notes"), as tax-exempt or taxable Notes, for the purpose of making funds available to finance the acquisition and construction of an approximately 47-unit multifamily residential rental development for persons of low, moderate, and middle income named Tupelo Park Apartments located in Panama City Beach, Bay County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $8,700,000 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 in the above-referenced authorizing resolutions) 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 negotiated sales, limited offerings or private placements of the Notes with such purchaser or purchasers, if Florida Housing by official action at a public meeting determines that any 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 limited offering; and

WHEREAS, based on the foregoing, the Board hereby finds that limited offerings 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 limited offering.

NOW, THEREFORE, BE IT RESOLVED BY FLORIDA HOUSING:

1. Limited offerings of the Notes are in the best interest of Florida Housing and the public for the reasons herein described.

2. The limited offerings of the Notes are to be negotiated by Florida Housing with JPMorgan Chase Bank, N.A. (hereinafter referred to as the "Note Purchaser").

3. The Notes are to be generally described as follows:

With respect to the Original Notes:
Florida Housing Finance Corporation
Tax-Exempt Multifamily Mortgage Revenue Notes,
2022 Series E

(Tupelo Park Apartments).

With respect to the Completion Notes:
Florida Housing Finance Corporation
Tax-Exempt Multifamily Mortgage Revenue Notes,
2023 Series [ ]
(Tupelo Park 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 limited offering of the Notes and to execute a Note purchase agreement, note placement agreement and/or trust indenture, 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, note placement agreement and/or trust indenture, as applicable, is predicated upon the note purchase agreement, note placement agreement and/or trust indenture, 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 limited offering of the Notes in conformity 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
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 an Amended & Restated Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Amended & Restated Resolution incorporated in the official record 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:_______________

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

June 28, 2023

Angie Sellers, Chief Financial Officer
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: **Barnett Villas, 2023 Multifamily Mortgage Revenue Bonds 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 June 12, 2023, relating to Barnett Villas (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 bonds,
- 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 bonds that are privately placed with a bank. The bonds will bear interest at a fixed rate during the construction and permanent phases.

The Credit Underwriting Report proposes a negotiated private placement to be an effective method of sale for the tax-exempt bonds.

The following is a summary concerning this project and financing:

Project Name: Barnett Villas

Construction Bond Purchaser: Bellwether Enterprise Real Estate Capital, LLC

Permanent Bond Purchaser: Bellwether Enterprise Real Estate Capital, LLC

Developer / Key Representative: BDG Barnett Villas Developer, LLC / Scott Zimmerman

Recommended Method of Sale: Negotiated private placement

Based on the structure of the bond issue and prevailing market conditions, a negotiated private placement will be an effective method of sale for the tax-exempt bonds. 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

Caine Mitter
Caine Mitter & Associates Incorporated
***.cainemitter.com

225 West 35th Street, Suite 900
New York, NY 10001
t 212 686 8820 | f 212 686 2155

July 5, 2023

Angie Sellers, Chief Financial Officer
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: **Citadelle Village, 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 June 30, 2023, relating to Citadelle Village (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: Citadelle Village

Construction Note Purchaser: Citibank, N.A.

Permanent Note Purchaser: Citibank, N.A.

Developer / Key Representative: Citadelle Village Developer, LLC / Joseph 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

July 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Princeton Crossings ("Development") – Tax-Exempt Multifamily Mortgage Revenue Bond ("MMRB" or "Bond") MMRB 2023 Series L / State Apartment Incentive Loan Program ("SAIL") & Extremely Low Income ("ELI") Loan RFA 2020-205 (2021-244BS) / 4% Non-Competitive Housing Credits ("HC") 2020-530C / Construction Inflation Response Viability Funding RFA 2023-211 (2023-244V)

Credit Underwriting Report Update Letter ("CUR Update Letter") – Changes to the Final Credit Underwriting Report, dated March 1, 2023 ("Final CUR") to include the Viability Loan

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") reviewed a notice of preliminary award, dated June 14, 2023, from Florida Housing Finance Corporation ("FHFC" or "Florida Housing"), with a preliminary Viability Loan in the amount of $3,300,000.

Per the RFA 2023-211, since Princeton Crossings LLC ("Applicant") qualified as a Self-Sourced Application in RFA 2020-205, the Applicant knowingly, voluntarily and irrevocably commits to waive, and does hereby waive, for the duration of the 50-year set aside period the option to convert to market, including any option or right to submit a request for a qualified contract, after year 14, and any other option, right or process available to the Applicant to terminate (or that would result in the termination of) the 50-year set aside period at any time prior to the expiration of its full term.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of the CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

- Final CUR, dated March 1, 2023.

- Final Closing Letter & Final Sources & Uses/Construction Draw Schedule dated May 12, 2023.

- RFA Application for Viability Funding.

- Trust Indenture, dated May 1, 2023.

- Promissory Note, dated May 12, 2023, from Lewis Swezy in the amount of $2,010,000.

- Promissory Note, dated May 12, 2023, from FHFC for a SAIL Loan in the amount of $4,020,000.

- Promissory Note, dated May 12, 2023, from FHFC for an ELI Loan in the amount of $600,000.

- Closing Memorandum, dated May 11, 2023.

- Second Amended and Restated Operating Agreement of Princeton Crossings LLC ("OA"), dated May 1, 2023.

FHDC

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third	Fourth	Fifth and Sixth	Seventh
Lender/Grantor	FHFC/ JPMorgan Chase	FHFC-Viability	FHFC-SAIL	FHFC-ELI	Miami PHCD - Surtax/HOME	Lewis Swezy
Amount	$12,950,000	$3,300,000	$4,020,000	$600,000	$4,767,500	$2,010,000
Underwritten Interest Rate	5.07%	1.00%	1.00%	0.00%	0.95%	6.00%
All In Interest Rate	5.07%	1.00%	1.00%	0.00%	0.95%	6.00%
Loan Term	15	15	15	15	30	30
Amortization	40	0	0	0	0	0
Market Rate/Market Financing LTV	27%	33%	42%	43%	53%	57%
Restricted Market Financing LTV	62%	78%	97%	100%	123%	133%
Loan to Cost - Cumulative	25%	32%	40%	41%	50%	54%
Loan to Cost - SAIL Only	N/A	N/A	8%	N/A	N/A	N/A
Debt Service Coverage	1.30	1.24	1.17	1.16	1.11	0.98
Operating Deficit & Debt Service Reserves	$475,016					
# of Months covered by the Reserves	3.2					

Deferred Developer Fee	$2,179,902
As-Is Land Value	$4,500,000
Market Rent/Market Financing Stabilized Value	$48,710,000
Rent Restricted Market Financing Stabilized Value	$20,790,000
Projected Net Operating Income (NOI) - Year 1	$1,039,725
Projected Net Operating Income (NOI) - 15 Year	$1,214,649
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit (HC) Syndication Price	$0.95
HC Annual Allocation - Initial Award	$1,395,209
HC Annual Allocation - Equity Letter of Interest	$2,207,319

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
FHFC - MMRB	FHFC/JPMorgan Chase	$25,000,000	$25,000,000	$25,000,000	7.96%	$1,990,000
FHFC - Viability	FHFC	$0	$3,300,000	$3,300,000	1.00%	$33,000
FHFC - SAIL	FHFC	$4,020,000	$4,020,000	$4,020,000	1.00%	$40,200
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	0.00%	$0
Local Government Subsidy	Miami PHCD - Surtax/HOME	$3,750,000	$4,767,500	$4,767,500	0.00%	$0
Self-Sourced: Non-Bond Financing	Lewis Swezy	$2,010,000	$2,010,000	$2,010,000	6.00%	$120,600
HC Equity	First Horizon	$8,386,973	$8,386,971	$8,386,973	N/A	N/A
Deferred Developer Fee	RS Development Corp.	$6,492,492	$2,650,010	$2,235,344	N/A	N/A
Operating Deficit Reserve	N/A	$475,016	$0	$475,016	N/A	N/A
Total		$50,734,481	$50,734,481	$50,794,833		$2,183,800

Please note the Application column is based on First Housing's conclusions in the Final Sources & Uses/Construction Draw Schedule. The Revised Applicant column is based on the Viability Funding Application.

First Mortgage:

First Housing has reviewed a Trust Indenture, dated May 1, 2023, relating to $25,000,000 MMRB issuance from FHFC. The construction term of the MMRB shall be 30 months from the date of closing plus two six-month extension options which are subject to approval. However, per Rule 67-21 the Loan must begin fully amortizing beginning the 37th month after closing. Payments of interest only will be required monthly. The funds shall be disbursed on a draw down basis during construction.

First Housing has reviewed the Promissory Note, dated May 12, 2023, in the amount of $25,000,000. The construction loan shall bear interest at a variable rate based on the Term Secured Overnight Financing Rate ("SOFR") plus 1.85%. The construction loan interest is calculated based on the Term SOFR rate of 5.11% (as of May 24, 2023) plus a 1.85% spread, and a 1.00% underwriting cushion for an all-in rate of 7.96%.

The annual FHFC Issuer Fee of 24 bps and the annual Trustee Fee of $4,500 are included in the Uses section of this report.

FHFC Viability Loan:

First Housing reviewed a notice of preliminary award, dated June 14, 2023, from FHFC with a preliminary Viability Loan in the amount of $3,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for a total term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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.

FHFC SAIL and ELI Loans:

First Housing received a SAIL Promissory Note, dated May 12, 2023, in the amount of $4,020,000 from FHFC. The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule Chapter 67-48. 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 SAIL Loan, all principal and unpaid interest will be due.

First Housing received an ELI Promissory Note, dated May 12, 2023, in the amount of $600,000 from FHFC. The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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. The Persons with Special Needs set aside must be maintained through the entire 50-year Compliance Period.

Miami-Dade County Surtax and HOME Loan:

First Housing received a Surtax Promissory Note in the amount of $3,750,000 from Miami-Dade County. The Surtax loan will have a 2 year construction period and a 28 year permanent period. The loan will have a 0% interest rate during the construction period, a 1% interest rate during years 3-17, and a 0.5% interest rate for years 18-30. Payments of interest only are due years 1-17 and then payments of interest and principal are due years 18-30. Payments are based on available cash flow.

First Housing received an email, dated March 8, 2023, from Public Housing and Community Development Miami-Dade County which indicates HOME funds in the amount of $1,017,500 for the Development. The HOME loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period, and a 0.75% interest rate during years 3-30 payable from cash flow. Full principal is due at maturity.

The Development did not close on the HOME Loan simultaneously with the other financing. However, it is anticipated that once environmental clearance is provided, the HOME loan will close and be a source of financing for the Development. For purposes of sizing the Viability Loan, First Housing has included the HOME Loan as a source of funds.

Self-Sourced:

First Housing received a Promissory Note, dated May 12, 2023, in the amount of $2,010,000 from Lewis Swezy. The Note bears simple interest per annum at 6%. Payments of monthly interest shall be paid to Lewis Swezy from distributions of net cash flow. The entire unpaid principal amount, together with all accrued and unpaid interest shall be due and payable in full on May 12, 2055.

Housing Credit Equity:

First Housing has reviewed an OA, dated May 1, 2023, indicating First Horizon Community Investment Group, Inc. ("First Horizon") was admitted with 99.99% ownership interest in the Applicant and CC Community Development Holdings, Inc. was admitted with 0% ownership interest of the Applicant. Based on the OP, the annual HC allocation is estimated to be in the amount of $2,207,319 and a syndication rate of $0.95 per dollar. First Horizon anticipates a net capital contribution of $20,967,431 and has committed to make available 40% or $8,386,973 of the total net equity during the construction period. Three additional installments will be available upon construction completion, at stabilization, and upon receipt of the Form 8609. The first installment, in the amount of $3,145,115 or 15% of the total net equity was funded at closing based on the Final Closing Memorandum, dated May 11, 2023, which 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 $2,235,344 or approximately 32.27% of the total Developer Fee of $6,926,196.

Deferred Operating Deficit Reserve:

An Operating Deficit Reserve ("ODR") is required by the Syndicator in the amount of $475,016, which is to be funded from the fifth installment. Since the fifth installment is after construction completion, First Housing has deferred the ODR amount during the construction period.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - MMRB	FHFC/JPMorgan Chase	$12,950,000	$12,950,000	$12,950,000	15	40	5.07%	$756,552
FHFC - Viability	FHFC	$0	$3,300,000	$3,300,000	15	0	1.00%	$33,000
FHFC - SAIL	FHFC	$4,020,000	$4,020,000	$4,020,000	15	0	1.00%	$40,200
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	15	0	0.00%	$0
Local Government Subsidy	Miami PHCD - Surtax/HOME	$3,750,000	$4,767,500	$4,767,500	30	0	0.95%	$45,291
Self-Sourced: Non-Bond Financing	Lewis Swezy	$2,010,000	$2,010,000	$2,010,000	30	0	6.00%	$120,600
HC Equity	First Horizon	$20,967,431	$20,967,431	$20,967,431	N/A	N/A	N/A	N/A
Deferred Developer Fee	RS Development Corp.	$6,437,050	$2,119,550	$2,179,902	N/A	N/A	N/A	N/A
Total		$50,734,481	$50,734,481	$50,794,833				$995,644

Please note the Application column is based on First Housing's conclusions in the Final Sources & Uses/Construction Draw Schedule. The Revised Applicant column is based on the Viability Funding Application.

<u>First Mortgage</u>:

First Housing has reviewed a Trust Indenture, dated May 1, 2023, relating to $25,000,000 MMRB issuance from FHFC. The MMRB will be paid down to $12,950,000 at conversion. The permanent term of the loan is 15 years from conversion with a 40-year amortization. The interest rate was locked at 5.07%.

First Housing has reviewed the Promissory Note, dated May 12, 2023, in the amount of $25,000,000. The permanent loan means the lesser of the approved Florida Housing permanent loan amount of $14,250,000. It is First Housing's understanding that the Applicant intended to pursue a higher first mortgage loan amount at conversion based on stabilized operations and subject to FHFC approval. For Viability Loan sizing, First Housing has included permanent loan amount of $12,950,000. If the Applicant pursues a higher loan at conversion it will be subject to FHFC approval and could result in a recommend decrease in the Viability Loan amount.

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, 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.

FHFC Viability Loan:

First Housing reviewed a notice of preliminary award, dated June 14, 2023, from FHFC with a preliminary Viability Loan in the amount of $3,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for a total term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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.

FHFC SAIL and ELI Loans:

First Housing received a SAIL Promissory Note, dated May 12, 2023, in the amount of $4,020,000 from FHFC. The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule Chapter 67-48. 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 SAIL Loan, all principal and unpaid interest will be due.

First Housing received an ELI Promissory Note, dated May 12, 2023, in the amount of $600,000 from FHFC. The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 18.5 years, of which 3.5 years is for the construction/stabilization period and 15 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. 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. The Persons with Special Needs set aside 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.

Miami-Dade County Surtax and HOME Loan:

First Housing received a Surtax Promissory Note in the amount of $3,750,000 from Miami-Dade County. The Surtax loan will have a 2 year construction period and a 28 year permanent period. The loan will have a 0% interest rate during the construction period, a 1% interest rate during years 3-17, and a 0.5% interest rate for years 18-30. Payments of interest only are due years 1-17 and then payments of interest and principal are due years 18-30. Payments are based on available cash flow.

First Housing received an email, dated March 8, 2023, from Public Housing and Community Development Miami-Dade County which indicates HOME funds in the amount of $1,017,500 for the Development. The HOME loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period, and a 0.75% interest rate during years 3-30 payable from cash flow. Full principal is due at maturity.

The Development did not close on the HOME Loan simultaneously with the other financing. However, it is anticipated that once environmental clearance is provided, the HOME loan will close and be a source of financing for the Development. For purposes of sizing the Viability Loan, First Housing has included the HOME Loan as a source of funds.

First Housing has shown a blended rate of 0.95% in the chart above.

Self-Sourced:

First Housing received a Promissory Note, dated May 12, 2023, in the amount of $2,010,000 from Lewis Swezy. The Note bears simple interest per annum at 6%. Payments of monthly interest shall be paid to Lewis Swezy from distributions of net cash flow. The entire unpaid principal amount, together with all accrued and unpaid interest shall be due and payable in full on May 12, 2055.

Housing Credit Equity:

First Housing has reviewed an OA, dated May 1, 2023, which outlines the housing credit installments as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$3,145,115	15.00%	Receipt of DERM Approval letter, building permit, Letter of Credit, and closing documents.
2nd Installment	$1,048,372	5.00%	The later of building permits, letter of credit, HOME loan closing documents, verification of property taxes being paid, verification of insurance, and receipt of a title update.

3rd Installment	$4,193,486	20.00%	The later of 75% completion, verification property taxes are paid, verification of insurance, and receipt of a title update.
4th Installment	$1,991,906	9.50%	The later of lien-free completion, certificate of occupancy, substantial completion certificate, as-built survey, recorded plat, verification that property taxes are paid, verification of insurance, and receipt of a title update.
5th Installment	$10,483,716	50.00%	The later of receipt of bond conversion documents, debt sizing has occurred, reserves are funded, achievement of required debt service coverage for 3 consecutive months, 95% occupancy, receipt of initial certification package, verification that property taxes are paid, verification of insurance, receipt of an as-built survey, and receipt of a title update.
6th Installment	$104,836	0.50%	The later of 8609 for each building, receipt of the reconciliation document, receipt of the tax certification letter, verification property taxes are paid, verification of insurance, and receipt of a title update.
Total	$20,967,431	100.00%	

Annual Credit Per Syndication Agreement	$2,207,319
Calculated HC Exchange Rate	$0.95
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$8,386,973

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $2,179,902 or approximately 31.47% of the total Developer Fee of $6,926,196. Therefore, the Applicant is meeting the Viability requirement of deferring at least 30% of the Developer Fee.

Uses of Funds

Please note the Application column is based on First Housing's conclusions in the Final Sources & Uses/Construction Draw Schedule. The Revised Applicant column is based on the Viability Funding Application.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
New Rental Units	$24,325,920	$24,325,920	$24,325,920	$162,173
Site Work	$1,800,000	$1,800,000	$1,800,000	$12,000
Constr. Contr. Costs subject to GC Fee	$26,125,920	$26,125,920	$26,125,920	$174,173
General Conditions	$1,567,555	$1,567,555	$1,567,555	$10,450
Overhead	$522,518	$522,518	$522,518	$3,483
Profit	$1,567,555	$1,567,555	$1,567,555	$10,450
Total Construction Contract/Costs	$29,783,548	$29,783,548	$29,783,548	$198,557
Hard Cost Contingency	$1,489,177	$1,489,177	$1,489,177	$9,928
Fees for LOC used as Constr. Surety	$256,026	$256,026	$256,026	$1,707
FF&E paid outside Constr. Contr.	$75,000	$75,000	$75,000	$500
Total Construction Costs:	**$31,603,751**	**$31,603,751**	**$31,603,751**	**$210,692**

Notes to the Total Construction Costs:

1. Total Construction Costs is based on the Final Sources & Uses/ Construction Draw Schedule.

FHDC

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees	$75,000	$75,000	$75,000	$500
Appraisal	$10,000	$10,000	$10,000	$67
Architect's Fee - Site/Building Design	$450,000	$450,000	$450,000	$3,000
Architect's Fee - Supervision	$195,000	$195,000	$195,000	$1,300
Building Permits	$450,000	$450,000	$450,000	$3,000
Builder's Risk Insurance	$225,000	$225,000	$225,000	$1,500
Capital Needs Assessment/Rehab	$0	$3,500	$0	$0
Engineering Fees	$187,500	$187,500	$187,500	$1,250
Environmental Report	$40,000	$40,000	$40,000	$267
FHFC Administrative Fees	$201,242	$201,242	$201,242	$1,342
FHFC Application Fee	$3,000	$3,000	$3,500	$23
FHFC Credit Underwriting Fee	$25,243	$25,243	$30,389	$203
FHFC Compliance Fee	$0	$0	$0	$0
Impact Fee	$240,000	$240,000	$240,000	$1,600
Lender Inspection Fees / Const Admin	$45,000	$45,000	$45,000	$300
Green Building Cert. (LEED, FGBC, NAHB)	$52,500	$52,500	$52,500	$350
Insurance	$60,000	$60,000	$60,000	$400
Legal Fees - Organizational Costs	$235,000	$235,000	$235,000	$1,567
Market Study	$8,000	$8,000	$8,000	$53
Marketing and Advertising	$50,000	$50,000	$50,000	$333
Plan and Cost Review Analysis	$3,500	$0	$3,500	$23
Property Taxes	$45,000	$45,000	$45,000	$300
Soil Test	$25,000	$25,000	$25,000	$167
Survey	$30,000	$30,000	$30,000	$200
Title Insurance and Recording Fees	$180,000	$180,000	$180,000	$1,200
Utility Connection Fees	$172,500	$172,500	$172,500	$1,150
Soft Cost Contingency	$148,674	$148,674	$148,674	$991
Total General Development Costs:	**$3,157,159**	**$3,157,159**	**$3,162,805**	**$21,085**

Notes to the General Development Costs:

1. General Development Costs are primarily based on the Final Sources & Uses/ Construction Draw Schedule.

2. First Housing has increased the FHFC Application Fee to include the Viability Loan application fee of $500.

3. The FHFC Credit Underwriting Fee includes $25,243 for the MMRB, SAIL, ELI, and HC underwriting and $5,146 for the Viability Loan underwriting.

4. 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 new construction developments.

FHDC

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Origination Fee	$187,500	$187,500	$187,500	$1,250
Construction Loan Closing Costs	$80,000	$80,000	$80,000	$533
Construction Loan Interest	$2,649,500	$2,649,500	$2,649,500	$17,663
Permanent Loan Origination Fee	$106,875	$106,875	$106,875	$713
Permanent Loan Closing Costs	$0	$628,440	$0	$0
FHFC Bond Trustee Fee	$11,250	$0	$11,250	$75
FHFC Bond Cost of Issuance	$286,290	$0	$286,290	$1,909
SAIL Commitment Fee	$40,200	$0	$40,200	$268
SAIL-ELI Commitment Fee	$6,000	$0	$6,000	$40
Misc Loan Closing Costs	$50,000	$0	$50,000	$333
Placement Agent/Underwriter Fee	$37,500	$0	$37,500	$250
Initial TEFRA Fee	$1,000	$0	$1,000	$7
Other: Syndication Fee	$14,500	$14,500	$14,500	$97
Other: FHFC Issuer Fee	$150,000	$0	$150,000	$1,000
Other: SAIL/ELI Extension Fee	$46,200	$0	$46,200	$308
Other: Viability Loan Commitment Fee	$0	$0	$33,000	$220
Other: Viability Loan Closing Costs	$0	$0	$12,500	$83
Total Financial Costs:	**$3,666,815**	**$3,666,815**	**$3,712,315**	**$24,749**
Dev. Costs before Acq., Dev. Fee & Reserves	**$38,427,725**	**$38,427,725**	**$38,478,871**	**$256,526**

Notes to the Financial Costs:

1. The Financial Costs are primarily based on the Final Sources & Uses/ Construction Draw Schedule.

2. Viability Loan Commitment Fee is based on 1% of the Viability Loan.

3. Viability Loan Closing Costs are estimated at $12,500 for FHFC legal 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 the Non-Land Acquisition Costs:

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

FHDC

DEVELOPER FEE ON NON-ACQUISTION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	$6,879,490	$6,916,990	$6,888,696	$45,925
DF to Consultant Fees	$37,500	$0	$37,500	$250
Total Other Development Costs:	**$6,916,990**	**$6,916,990**	**$6,926,196**	**$46,175**

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost (“TDC”) before Developer Fee and ODR as allowed by the RFA and Rule Chapters 67-48 and 67-21.

2. The consultant fee of $37,500 has been included in Developer Fee as it is for financial advisory and structuring payable to Mark Waterbury.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land	$4,500,000	$4,500,000	$4,500,000	$30,000
Land Carrying Costs	$414,750	$414,750	$414,750	$2,765
Total Acquisition Costs:	**$4,914,750**	**$4,914,750**	**$4,914,750**	**$32,765**

Notes to Acquisition Costs:

1. Land Costs are based on the Final Sources & Uses/ Construction Draw Schedule.

2. Land Carrying Costs reflects interest on a land loan, from 22 Princeton, LLC, which was used to acquire the property in December 2021.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Syndicator)	$475,016	$475,016	$475,016	$3,167
Total Reserve Accounts:	**$475,016**	**$475,016**	**$475,016**	**$3,167**

Notes to Reserve Accounts:

1. An ODR is required by the Syndicator in the amount of $475,016, which is to be funded from the fifth 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 Chapters 67-21 and 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:	**$50,734,481**	**$50,734,481**	**$50,794,833**	**$338,632**

Notes to Total Development Costs:

1. The Total Development Costs have increased a total of $60,352 or 0.12% from $50,734,481 to $50,794,833 since the Final Sources & Uses/ Construction Draw Schedule.

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 2020-205, exclusive of land costs, and ODR to $521,529.84 of per unit for a new construction, ESS, high-rise Development with tax-exempt bonds located in Miami-Dade County. The Development's TDC, exclusive of land and ODR is $45,819,817 or $305,465 per unit, which is within the underwriting parameters.

Operating Pro Forma: Princeton Crossings

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			$2,064,972	$13,766
	Other Income				
	Ancillary Income			$36,000	$240
	Washer/Dryer Rentals			$44,550	$297
	Gross Potential Income			$2,145,522	$14,303
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	$64,366	$429
	Collection Loss	Percentage:	2.00%	$42,910	$286
Total Effective Gross Income				$2,038,246	$13,588
EXPENSES:	Fixed:				
	Real Estate Taxes			$221,609	$1,477
	Insurance			$142,500	$950
	Variable:				
	Management Fee	Percentage:	5.00%	$101,912	$679
	General and Administrative			$75,000	$500
	Payroll Expenses			$165,000	$1,100
	Utilities			$82,500	$550
	Marketing and Advertising			$15,000	$100
	Maintenance and Repairs/Pest Control			$60,000	$400
	Grounds Maintenance and Landscaping			$37,500	$250
	Contract Services			$37,500	$250
	Security			$15,000	$100
	Reserve for Replacements			$45,000	$300
Total Expenses				$998,521	$6,657
Net Operating Income				$1,039,725	$6,931
Debt Service Payments					
	First Mortgage - FHFC/JPMorgan Chase			$756,552	$5,044
	Second Mortgage - FHFC - Viability			$33,000	$220
	Third Mortgage - FHFC - SAIL			$40,200	$268
	Fourth Mortgage - FHFC - ELI			$0	$0
	Fifth and Sixth Mortgage - Miami PHCD Surtax/HOME			$45,291	$302
	All Other Mortgages - Lewis Swezy			$120,600	$804
	First Mortgage Fees - FHFC/JPMorgan Chase			$42,308	$282
	Second Mortgage Fees - FHFC - Viability			$8,250	$55
	Third Mortgage Fees - FHFC - SAIL			$11,073	$74
	Fourth Mortgage Fees - FHFC - ELI			$3,855	$26
	Fifth and Sixth Mortgage Fees - Miami PHCD Surtax/HOME			$0	$0
	All Other Mortgages Fees - Lewis Swezy			$0	$0
Total Debt Service Payments				$1,061,130	$7,074
Cash Flow after Debt Service				-$21,405	-$143
Debt Service Coverage Ratios					
	DSC - First Mortgage plus Fees			1.30x	
	DSC - Second Mortgage plus Fees			1.24x	
	DSC - Third Mortgage plus Fees			1.17x	
	DSC - Fourth Mortgage plus Fee			1.16x	
	DSC - Fifth and Sixth Mortgage plus Fees			1.11x	
	DSC - All Mortgages and Fees			0.98x	
Financial Ratios					
	Operating Expense Ratio			48.99%	
	Break-even Economic Occupancy Ratio (all debt)			96.25%	

Notes to the Operating Pro Forma and Ratios:

1. The MMRB program does not impose any rent restrictions. However, in conjunction with the MMRB this Development will be utilizing Housing Credits, SAIL, and ELI financing, which will impose rent restrictions. The LIHTC rent levels are based on 2022 maximum LIHTC rents published on FHFC's website for Miami-Dade County less the utility allowance. The utility allowances are based on the apartments with over 5 units utility allowances for Miami-Dade County effective on January 1, 2022. 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
1	1.0	7	795	30%			$548	$84	$ 464		$ 464	$ 464	$ 464	$ 38,976
1	1.0	1	696	60%		$1,169	$1,097	$84	$ 1,013		$ 1,013	$ 1,013	$ 1,013	$ 12,156
1	1.0	9	696	60%			$1,097	$84	$ 1,013		$ 1,013	$ 1,013	$ 1,013	$ 109,404
1	1.0	8	795	60%			$1,097	$84	$ 1,013		$ 1,013	$ 1,013	$ 1,013	$ 97,248
1	1.0	20	696	70%			$1,280	$84	$ 1,196		$ 1,196	$ 1,196	$ 1,196	$ 287,040
2	2.0	1	1,082	30%	$1,097		$658	$132	$ 526		$ 526	$ 526	$ 526	$ 6,312
2	2.0	6	1,082	30%			$658	$132	$ 526		$ 526	$ 526	$ 526	$ 37,872
2	2.0	7	1,003	30%			$658	$132	$ 526		$ 526	$ 526	$ 526	$ 44,184
2	2.0	8	1,003	60%			$1,317	$132	$ 1,185		$ 1,185	$ 1,185	$ 1,185	$ 113,760
2	2.0	2	1,048	60%		$1,406	$1,317	$132	$ 1,185		$ 1,185	$ 1,185	$ 1,185	$ 28,440
2	2.0	23	1,048	60%			$1,317	$132	$ 1,185		$ 1,185	$ 1,185	$ 1,185	$ 327,060
2	2.0	37	1,048	70%			$1,536	$132	$ 1,404		$ 1,404	$ 1,404	$ 1,404	$ 623,376
3	2.0	3	1,244	30%			$760	$199	$ 561		$ 561	$ 561	$ 561	$ 20,196
3	2.0	1	1,109	60%		$1,615	$1,521	$199	$ 1,322		$ 1,322	$ 1,322	$ 1,322	$ 15,864
3	2.0	6	1,109	60%			$1,521	$199	$ 1,322		$ 1,322	$ 1,322	$ 1,322	$ 95,184
3	2.0	11	1,244	70%			$1,774	$199	$ 1,575		$ 1,575	$ 1,575	$ 1,575	$ 207,900
		150	145,579											$ 2,064,972

2. First Housing has included vacancy and collection loss at a total of 5.00%, which is supported by the Appraisal.

3. Miscellaneous Income is comprised of revenue from vending machines, late charges, forfeited security deposits, and other miscellaneous sources. Total Miscellaneous Income of $240 per unit/per year is supported by the appraisal.

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. The Applicant submitted an executed Housing Management Agreement, dated January 3, 2023, between the Applicant and Centennial Management Corp. which reflects a monthly management fee of 5% of revenue.

6. The landlord will pay for common area electric, pest control, and trash removal. The tenant will be responsible for the electric, water, sewer, cable, and internet.

7. Replacement Reserves of $300 per unit per year are required, per the RFA and Rule Chapters 67-48 and 67-21.

8. The Break-even Economic Occupancy Ratio includes all debt; however, all mortgage payments except the first mortgage and all fees are based on available cash flow. This ratio would improve to 84.59% if only the first mortgage and all fees were included in the calculation.

9. 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 Viability Loan in the amount of $3,300,000 for the construction and permanent financing of the Development.

Closing of the transaction is subject to the following conditions:

1. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.

2. Florida Housing and its Legal Counsel shall review and approve all other lenders' closing documents or other applicable agreements. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the loans have been satisfied.

3. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer of 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).

4. Satisfactory resolution of any outstanding past due and/or noncompliance items, if applicable.

5. Payment of all costs and fees to Florida Housing, its Legal Counsel, and Servicer, as applicable.

6. All other due diligence required by FHFC, its Legal Counsel and Servicer.

Prepared by:	Reviewed by:
Taylor Arruda	Ed Busansky
Taylor Arruda	Ed Busansky
Senior Credit Underwriter	Senior Vice President

50% Test

Tax-Exempt Bond Amount	$25,000,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$25,000,000
Total Depreciable Cost	$43,035,184
Plus Land Cost	$4,914,750
Aggregate Basis	$47,949,934
Net Tax-Exempt Bond to Aggregate Basis Ratio	52.14%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FHDC

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	**$2,064,972**	**$2,106,271**	**$2,148,397**	**$2,191,365**	**$2,235,192**	**$2,279,896**	**$2,325,494**	**$2,372,004**	**$2,419,444**	**$2,467,833**	**$2,517,189**	**$2,567,533**	**$2,618,884**	**$2,671,261**	**$2,724,687**
	Other Income															
	Ancillary Income	$36,000	$36,720	$37,454	$38,203	$38,968	$39,747	$40,542	$41,353	$42,180	$43,023	$43,884	$44,761	$45,657	$46,570	$47,501
	Washer/Dryer Rentals	$44,550	$45,441	$46,350	$47,277	$48,222	$49,187	$50,171	$51,174	$52,197	$53,241	$54,306	$55,392	$56,500	$57,630	$58,783
	Gross Potential Income	**$2,145,522**	**$2,188,432**	**$2,232,201**	**$2,276,845**	**$2,322,382**	**$2,368,830**	**$2,416,206**	**$2,464,530**	**$2,513,821**	**$2,564,097**	**$2,615,379**	**$2,667,687**	**$2,721,041**	**$2,775,461**	**$2,830,971**
	Less:															
	Physical Vac. Loss Percentage: 3.00%	$64,366	$65,653	$66,966	$68,305	$69,671	$71,065	$72,486	$73,936	$75,415	$76,923	$78,461	$80,031	$81,631	$83,264	$84,929
	Collection Loss Percentage: 2.00%	$42,910	$43,769	$44,644	$45,537	$46,448	$47,377	$48,324	$49,291	$50,276	$51,282	$52,308	$53,354	$54,421	$55,509	$56,619
	Total Effective Gross Income	**$2,038,246**	**$2,079,011**	**$2,120,591**	**$2,163,003**	**$2,206,263**	**$2,250,388**	**$2,295,396**	**$2,341,304**	**$2,388,130**	**$2,435,893**	**$2,484,610**	**$2,534,303**	**$2,584,989**	**$2,636,688**	**$2,689,422**
EXPENSES:	Fixed:															
	Real Estate Taxes	$221,609	$228,257	$235,105	$242,158	$249,423	$256,906	$264,613	$272,551	$280,728	$289,149	$297,824	$306,759	$315,961	$325,440	$335,203
	Insurance	$142,500	$146,775	$151,178	$155,714	$160,385	$165,197	$170,152	$175,257	$180,515	$185,930	$191,508	$197,253	$203,171	$209,266	$215,544
	Variable:															
	Management Fee Percentage: 5.00%	$101,912	$103,951	$106,030	$108,150	$110,313	$112,519	$114,770	$117,065	$119,406	$121,795	$124,231	$126,715	$129,249	$131,834	$134,471
	General and Administrative	$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
	Payroll Expenses	$165,000	$169,950	$175,049	$180,300	$185,709	$191,280	$197,019	$202,929	$209,017	$215,288	$221,746	$228,399	$235,251	$242,308	$249,577
	Utilities	$82,500	$84,975	$87,524	$90,150	$92,854	$95,640	$98,509	$101,465	$104,509	$107,644	$110,873	$114,199	$117,625	$121,154	$124,789
	Marketing and Advertising	$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
	Maintenance and Repairs/Pest Control	$60,000	$61,800	$63,654	$65,564	$67,531	$69,556	$71,643	$73,792	$76,006	$78,286	$80,635	$83,054	$85,546	$88,112	$90,755
	Grounds Maintenance and Landscaping	$37,500	$38,625	$39,784	$40,977	$42,207	$43,473	$44,777	$46,120	$47,504	$48,929	$50,397	$51,909	$53,466	$55,070	$56,722
	Contract Services	$37,500	$38,625	$39,784	$40,977	$42,207	$43,473	$44,777	$46,120	$47,504	$48,929	$50,397	$51,909	$53,466	$55,070	$56,722
	Security	$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
	Reserve for Replacements	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$46,350	$47,741	$49,173	$50,648	$52,167
	Total Expenses	**$998,521**	**$1,026,108**	**$1,054,502**	**$1,083,726**	**$1,113,807**	**$1,144,768**	**$1,176,635**	**$1,209,437**	**$1,243,199**	**$1,277,951**	**$1,315,072**	**$1,353,282**	**$1,392,613**	**$1,433,099**	**$1,474,773**
	Net Operating Income	**$1,039,725**	**$1,052,903**	**$1,066,089**	**$1,079,277**	**$1,092,456**	**$1,105,621**	**$1,118,760**	**$1,131,867**	**$1,144,931**	**$1,157,941**	**$1,169,539**	**$1,181,021**	**$1,192,376**	**$1,203,590**	**$1,214,649**
	Debt Service Payments															
	First Mortgage - FHFC/JPMorgan Chase	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552	$756,552
	Second Mortgage - FHFC - Viability	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000	$33,000
	Third Mortgage - FHFC - SAIL	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200	$40,200
	Fourth Mortgage - FHFC - ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Fifth and Sixth Mortgage - Miami PHCD Surtax/HOME	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291	$45,291
	All Other Mortgages - Lewis Swezy	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600	$120,600
	First Mortgage Fees - FHFC/JPMorgan Chase	$42,308	$42,172	$42,027	$41,871	$41,704	$41,526	$41,336	$41,133	$40,917	$40,686	$40,440	$40,177	$39,898	$39,601	$39,285
	Second Mortgage Fees - FHFC - Viability	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250	$8,250
	Third Mortgage Fees - FHFC - SAIL	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073	$11,073
	Fourth 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
	Fifth and Sixth Mortgage Fees - Miami PHCD Surtax/HOME	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	All Other Mortgages Fees - Lewis Swezy	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Total Debt Service Payments	**$1,061,130**	**$1,060,994**	**$1,060,848**	**$1,060,693**	**$1,060,526**	**$1,060,348**	**$1,060,158**	**$1,059,955**	**$1,059,738**	**$1,059,507**	**$1,059,261**	**$1,058,999**	**$1,058,720**	**$1,058,423**	**$1,058,106**
	Cash Flow after Debt Service	**-$21,405**	**-$8,091**	**$5,241**	**$18,584**	**$31,930**	**$45,273**	**$58,603**	**$71,912**	**$85,192**	**$98,434**	**$110,277**	**$122,022**	**$133,656**	**$145,167**	**$156,543**
	Debt Service Coverage Ratios															
	DSC - First Mortgage plus Fees	**1.30**	**1.32**	**1.33**	**1.35**	**1.37**	**1.39**	**1.40**	**1.42**	**1.44**	**1.45**	**1.47**	**1.48**	**1.50**	**1.51**	**1.53**
	DSC - Second Mortgage plus Fees	**1.24**	**1.25**	**1.27**	**1.29**	**1.30**	**1.32**	**1.33**	**1.35**	**1.37**	**1.38**	**1.40**	**1.41**	**1.42**	**1.44**	**1.45**
	DSC - Third Mortgage plus Fees	**1.17**	**1.18**	**1.20**	**1.21**	**1.23**	**1.24**	**1.26**	**1.27**	**1.29**	**1.30**	**1.31**	**1.33**	**1.34**	**1.35**	**1.37**
	DSC - Fourth Mortgage plus Fee	**1.16**	**1.18**	**1.19**	**1.21**	**1.22**	**1.24**	**1.25**	**1.27**	**1.28**	**1.30**	**1.31**	**1.32**	**1.34**	**1.35**	**1.36**
	DSC - Fifth and Sixth Mortgage plus Fees	**1.11**	**1.12**	**1.13**	**1.15**	**1.16**	**1.18**	**1.19**	**1.20**	**1.22**	**1.23**	**1.25**	**1.26**	**1.27**	**1.28**	**1.30**
	DSC - All Mortgages and Fees	**0.98**	**0.99**	**1.00**	**1.02**	**1.03**	**1.04**	**1.06**	**1.07**	**1.08**	**1.09**	**1.10**	**1.12**	**1.13**	**1.14**	**1.15**
	Financial Ratios															
	Operating Expense Ratio	**48.99%**	**49.36%**	**49.73%**	**50.10%**	**50.48%**	**50.87%**	**51.26%**	**51.66%**	**52.06%**	**52.46%**	**52.93%**	**53.40%**	**53.87%**	**54.35%**	**54.84%**

Viability Sizing Chart

Viability Loan Sizing Parameters and Metrics

Select the Development		Princeton Crossings	
RFA of Active Award		RFA 2020-205	
Demographic Commitment		Family	
Total Number of Units		150	
Existing Competitive Active Awards:		Set-Aside Units	
9% HC Allocation	NA	NA	
SAIL	$ 4,020,000	150	
ELI	$ 600,000	23	
NHTF	NA	NA	
HOME	NA	NA	
Tax Exempt Bond Financing:			
If MMRB, how much is the Perm Amount?	$ 12,950,000	150*	
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 (150 units x $125,000 PU)		$ 18,750,000	Does the stated Eligible
Lesser of Net Per Development or PU Limit		**$ 4,300,000**	Request Amount need to
Viability Loan Sizing Parameters			be adjusted?
a. Eligible Request Amount:			<select one>
Applicant's Request Amount		$ 3,300,000	If so, how much should be
Per Development/PU Limit		$ 4,300,000	deducted?
Eligible Request Amount:		**$ 3,300,000**	
b. Gap Analysis for Viability Sizing Purposes Only:			

	Permanent Funding Sources:		DS w/ Fees	DSCR	NCF
	Sized First Mortgage	$ 12,963,031.46	$ 799,788	1.3000x	$ 239,937
	Viability	$ 3,300,000.00	$ 41,250	1.2362x	$ 198,687
	SAIL	$ 4,020,000.00	$ 51,273	1.1652x	$ 147,414
	ELI	$ 600,000.00	$ 3,855	1.1602x	$ 143,559
	FHFC Source 3 - NA	$ -	$ -	1.1602x	$ 143,559
	Miami-Dade Surtax/HOME	$ 4,767,500.00	$ 45,291	1.1044x	$ 98,268
0	Self-Source	$ 2,010,000.00	$ 120,600	0.9790x	$ (22,332)
	<additional source>	$ -	$ -	0.9790x	$ (22,332)
	<additional source>	$ -	$ -	0.9790x	$ (22,332)
	<additional source>	$ -	$ -	0.9790x	$ (22,332)
	HC Equity	$ 20,967,431.00			
	Deferred Developer Fee (31.29%)	$ 2,166,870.54			
	Total Sources	$ 50,794,833.00	$ 1,062,057	0.9790x	$ (22,332)
	Additional First Mortgage *(Min 1st Sizing)*	$ 13,031.46	$ 34.28		
	Additional First Mortgage *(DCR Sizing)*	$ -	$ -		

Total Development Costs	$ 50,794,833.00
Maximum Developer Fee Percentage	18%
Total Developer Fee	$ 6,926,196.00
Minimum 30% Deferred Developer Fee	$ 2,077,858.80

**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	$ 2,038,246.00
Total Operating Expenses in CUR Yr 1	$ 998,521.00
Net Operating Income in CUR Yr 1	$ 1,039,725.00
Actual Traditional 1st Mortgage:	
Proposed Amount of Traditional 1st Mortgage	**$ 12,950,000.00**
Traditional 1st Mtg Amortization (Years)	40.00
Traditional 1st Mtg Interest Rate	5.070%
Traditional 1st Mtg Mortgage Constant	5.84210%
Local HFA Bond Fees, if applicable	
Traditional 1st Mtg DSCR (w/ fees)	1.30x
Net Cash Flow (NCF) after 1st Mtg Debt Service	$ 240,732.13
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$ 55,128.00
NCF after FHFC Subsidy Loans DS & Fees	$ 185,604.13
RFA 2023-211 Minimum 1st Mortgage:	
Maximum 1st Mtg DSCR from Viability RFA	1.30x
Sized Debt Service from maximum DSCR	$ 799,788.46
MMRB Fees to be included in Sized Debt Service	$ 42,474.78
Sized Debt Service to be incorporated, net of fees	$ 757,313.68
Mortgage Constant to be incorporated	5.84210%
Resulting minimum 1st Mtg	**$ 12,963,031.46**
NCF after resulting minimum 1st Mtg	$ 239,936.54
NCF after FHFC Subsidy Loans DS & Fees	$ 184,808.54
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:	
Total Vacancy & Collection Rate in CUR	5.000%
Revenue Growth Rate in CUR	2.000%
Operating Expense Growth Rate in CUR	3.000%
Amortization to be incorporated (Years)	40.00
Interest Rate to be incorporated	7.000%
Resulting Mortgage Constant for qualifying debt	7.45718%
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

			Add'l MMRB Fees for Add'l 1st Mtg Funding
Permanent Loan Servicing		**$ 24,110.50**	
MMRB Annual Fee	0.023%	$ 2,978.50	$ 3.00
MMRB Annual Minimum	$2,832	$ 2,832.00	
MMRB Permanent Loan Servicing Fee		**$ 2,978.50**	
Non-MMRB Annual Fee(s)	0.25%	$ 19,800.00	
Non-MMRB Annual Minimum(s)	$2,832	$ 8,496.00	
Non-MMRB Annual Maximum(s)	$11,232	$ 33,696.00	
Non-MMRB Permanent Loan Servicing Fee(s)		**$ 21,132.00**	
Compliance Monitoring		**$ 5,928.00**	
MMRB Annual Base Fee	$2,196	$ 2,196.00	
Additional MMRB PSAU Fee	$11.24	$ 1,686.00	
MMRB Minimum Annual Fee	$3,216	$ 3,216.00	
MMRB Compliance Monitoring Fee		**$ 3,882.00**	
Non-MMRB Annual Base(s)	$2,196	$ -	
Additional Non-MMRB PSAU Fee(s)	$11.24	$ -	
Non-MMRB Annual Minimum(s)	$3,432	$ -	
Multiple Program Fee(s)	$1,023	$ 2,046.00	
Non-MMRB Compliance Monitoring Fee(s)		**$ 2,046.00**	
FHFC MMRB Ongoing Issuer Fees		**$ 31,080.00**	
MMRB Annual Fee	0.24%	$ 31,080.00	$ 31.28
MMRB Annual Minimum	$10,000	$ 10,000.00	
FHFC MMRB Trustee Fees		**$ 4,500.00**	
Flat Rate	$4,500	$ 4,500.00	

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?	Yes
If yes, what was the Net Operating Income used in calculating the DSCR?	$ 1,039,725.00
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?	$ 923,159.00
If yes, what was the overall Debt Coverage Ratio, inclusive of all applicable Permanent Sources of Funding?	1.1263x
The actual overall Debt Coverage Ratio, inclusive of all actual applicable Permanent Sources of Funding *(**excludes** any additional sized 1st Mtg)* is:	1.1053x
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:	1.1044x

The existing debt coverage ratio of 1.1263x is NOT being enhanced with the Viability Loan sizing process, but Additional First Mortgage sizing has been included in the gap process to size the Viability Loan per RFA requirements.

AMERINAT®

July 7, 2023

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Hillsboro Landing f/k/a Tallman Pines-Phase II ("Development") – Multifamily Mortgage Revenue Notes ("MMRN") 2023 Series H/State Apartment Incentive Loan ("SAIL"), Extremely Low-Income Loan ("ELI"), National Housing Trust Fund Loan ("NHTF") RFA 2020-205 (2021-207BSN)/4% Non-Competitive Housing Credits ("HC") 2020-538C/Invitation to Participate ("ITP") 2022 SAIL Construction Housing Inflation Response Program ("SAIL CHIRP")

Credit Underwriting Update Letter ("CUL") – Changes to the Final Credit Underwriting Report ("Final CUR") dated December 1, 2022 and CUR Update Letter dated April 20, 2023, for the transfer of the General Partner interest and the removal and addition of Guarantors.

Dear Mr. Kennedy:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNat® ("AmeriNat" or "Servicer") review correspondence dated June 12, 2023 as submitted by Tallman Pines HR, Ltd. ("Applicant" or "Borrower") requesting consent to transfer the General Partner interest from Building Better Communities, Inc. ("BBC") to MCCAN Communities, Inc. ("MCCAN") and the addition of Randy Rieger, LLC and Balogh Family Partnership, LLC as Guarantors for the Development. AmeriNat has been requested to provide a recommendation for the above-referenced changes to the Final CUR approved at the December 9, 2022 FHFC Board meeting and the CUR Update Letter that was approved at the April 28, 2023 FHFC Board Meeting. An analysis of the proposed changes follows below.

For purposes of this analysis, AmeriNat reviewed the following due diligence:

1. Final CUR dated December 1, 2022
2. CUR Update Letter dated April 20, 2023
3. Loan Closing Documents dated June 7, 2023
4. AmeriNat's Loan Closing Letter dated June 6, 2023
5. Correspondence from the Borrower
6. Financials for MCCAN dated April 30, 2023
7. Financials for Randy Rieger, LLC and Balogh Family Partnership, LLC dated December 31, 2022
8. FHFC Past Due Report dated May 25, 2023
9. FHFC Noncompliance Report dated May 24, 2023
10. Current and proposed organizational charts
11. Amended and Restated Agreement of Limited Partnership, dated June 1, 2023
12. Rule Chapters 67-21 and 67-48, F.A.C.

13. Operating Deficit Guaranty dated June 7, 2023
14. Continuing, Absolute and Unconditional Guaranty of Recourse Obligations dated June 7, 2023
15. Environmental Indemnity Agreement dated June 7, 2023

Background:

The Development will be located at 3851 N. Dixie Highway, Deerfield Beach, Broward County, FL 33064. The Development will be new construction consisting of a mid-rise (6 stories) apartment building, 75 units, with an Elderly demographic.

Per AmeriNat's loan closing letter dated June 6, 2023, the Applicant received an issuance of MMRN in the amount of $25,000,000, a SAIL loan in the amount of $2,770,000, a SAIL CHIRP loan in the amount of $4,241,828, an ELI Loan in the amount of $600,000, a NHTF loan in the amount of $1,569,397, a loan from the Broward County Housing Authority ("BCHA") in the amount of $1,050,000, a grant from the Housing Finance Authority of Broward County ("HFABC") in the amount of $100,000, and an annual 4% HC allocation in the amount of $1,892,689 for the construction and permanent financing of the Development.

Per the Amended and Restated Agreement of Limited Partnership, dated June 1, 2023, the current General Partner is BBC, a 501 (c)(3) non-profit corporation, with a 0.0049% ownership interest, the Special Limited Partner is HTG Tallman HR, LLC with a 0.0051% ownership interest, and the Investment Limited Partner is RJTCF 51-Tallman Pines HR L.L.C. with a 99.99% ownership interest. The Co-Developers are HTG Tallman HR Developer, LLC and BBC.

Once construction is complete, operation of the Development under the MMRN program, the Development will set aside 40% of the total units (30 units) at or below 60% of the Area Median Income ("AMI") for 50 years. Under the HC program, the Development will set aside 100% of the total units (75 units) at or below 60% of the AMI for 50 years. Under the SAIL and ELI programs, the Development will set aside 10% of the total units (8 units) at or below 25% of AMI and under the SAIL program 90% of the total units (67 units) at or below 60% of AMI for 50 years. Under the NHTF program, the Development will set aside 6.67% of the total units (5 units) at or below 22% of AMI for 50 years. One hundred percent of the units (75 units) will have Housing Assistance Payments Contract ("HAP") Contract for Section 8 Project-Based Vouchers ("PBV").

According to the FHFC Asset Management Noncompliance Report dated May 24, 2023, no noncompliance items exist for the Development Team.

According to the FHFC Past Due Report dated May 25, 2023, no past due items exist for the Development Team.

Transfer of General Partner Interest:

The Borrower is requesting Florida Housing's consent for the transfer of the General Partner interest from BBC to MCCAN as the new General Partner. Florida Housing approved this change on July 7, 2023. The Special and Investment Limited Partners will remain the same. MCCAN will also be added as a Guarantor, see chart below.

MCCAN was established in November 2002 as a nonprofit organization for the purpose of raising the housing, economic, educational, and community quality of life of the residents of Broward County, Florida, including members of the community with incomes below poverty lines. The governing body of MCCAN consists of the same members as that of the BCHA; therefore, is a blended component unit of the BCHA.

AmeriNat requested and reviewed internally prepared financial statements for MCCAN, dated April 30, 2023, and found them to be satisfactory.

A Dun & Bradstreet Business and Information Report dated June 16, 2023 was obtained. The composite credit appraisal reflected an acceptable credit background, with nothing adverse in the Public Records.

A Statement of Financial and Credit Affairs for MCCAN stated there were no pending legal actions, bankruptcies or foreclosures.

Removal and Addition of Guarantors:

The Borrower has requested BBC be removed as a Guarantor from the Operating Deficit Guaranty, Continuing, Absolute and Unconditional Guaranty of Recourse Obligations and Environmental Indemnity Agreement. BBC will continue to provide the Construction Completion Guaranty. As stated above, MCCAN will also be added as a Guarantor as noted below.

Randy Rieger, LLC and Balogh Family Partnership, LLC will be added as Guarantors to the Operating Deficit Guaranty, Continuing, Absolute and Unconditional Guaranty of Recourse Obligations and Environmental Indemnity Agreement as noted below. All other Guarantors will remain the same from the time of loan closing.

AmeriNat requested and reviewed internally prepared financial statements for Randy Rieger, LLC and Balogh Family Partnership, LLC, both dated December 31, 2022, and found them to be satisfactory.

A Dun & Bradstreet Business and Information Report dated June 16, 2023 was obtained for Balogh Family Partnership, LLC. The composite credit appraisal reflected an acceptable credit background, with nothing adverse in the Public Records. There was no record for Randy Rieger, LLC.

A Statement of Financial and Credit Affairs for Randy Rieger, LLC and Balogh Family Partnership, LLC stated there were no pending legal actions, bankruptcies or foreclosures.

Transaction Guarantees:

GUARANTY	GUARANTORS
Operating Deficit Guaranty	Tallman Pines HR, Ltd. HTG Tallman HR, LLC MCCAN Communities, Inc. HTG Tallman HR Developer, LLC Matthew A. Rieger Randy Rieger, LLC Balogh Family Partnership, LLC
Continuing, Absolute and Unconditional Guaranty of Recourse Obligations	Tallman Pines HR, Ltd. HTG Tallman HR, LLC MCCAN Communities, Inc. HTG Tallman HR Developer, LLC Matthew A. Rieger Randy Rieger, LLC Balogh Family Partnership, LLC
Environmental Indemnity Agreement	Tallman Pines HR, Ltd. HTG Tallman HR, LLC MCCAN Communities, Inc. HTG Tallman HR Developer, LLC Matthew A. Rieger Randy Rieger, LLC Balogh Family Partnership, LLC

Recommendation:

AmeriNat's review indicates that MCCAN Communities, Inc. has the prerequisite financial capacity and experience to successfully own and operate the Development. The proposed change in the General Partner interest is illustrated in Exhibit A. Therefore, AmeriNat recommends that FHFC consent to the transfer of the interests of Building Better Communities, Inc. to MCCAN Communities, Inc. and the addition of MCCAN Communities, Inc., Randy Rieger, LLC and Balogh Family Partnership, LLC as additional Guarantors, subject to the following:

1. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.
2. New entities and principals (if applicable) as well as the withdrawing entities to execute any documents FHFC deems necessary to effectuate the transfer of the general partner interest including, but not limited to, new and existing guarantees as determined by FHFC.
3. Consent of Investor Limited Partner and Special Limited Partner, as applicable.
4. Satisfactory resolution of any noncompliance and/or past due items.

5. Payment of all costs and fees to Florida Housing, its Legal Counsel and Servicer, as applicable.
6. Payment of any outstanding arrearages to FHFC, its Legal Counsel, Servicer or any agent or assignee of FHFC for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in Rule 67-48.0075 (5) F.A.C., of an Applicant or a Developer).
7. Any other requirement of Florida Housing, its Legal Counsel and Servicer.

Please contact AmeriNat if you have any questions or if we can provide further assistance.

Sincerely,

Kimberly A Thorne

Kimberly A. Thorne
Senior Credit Underwriter

EXHIBIT A - CURRENT

Tallman Pines HR, LTD

Broward County, Florida

As of: Financial Closing

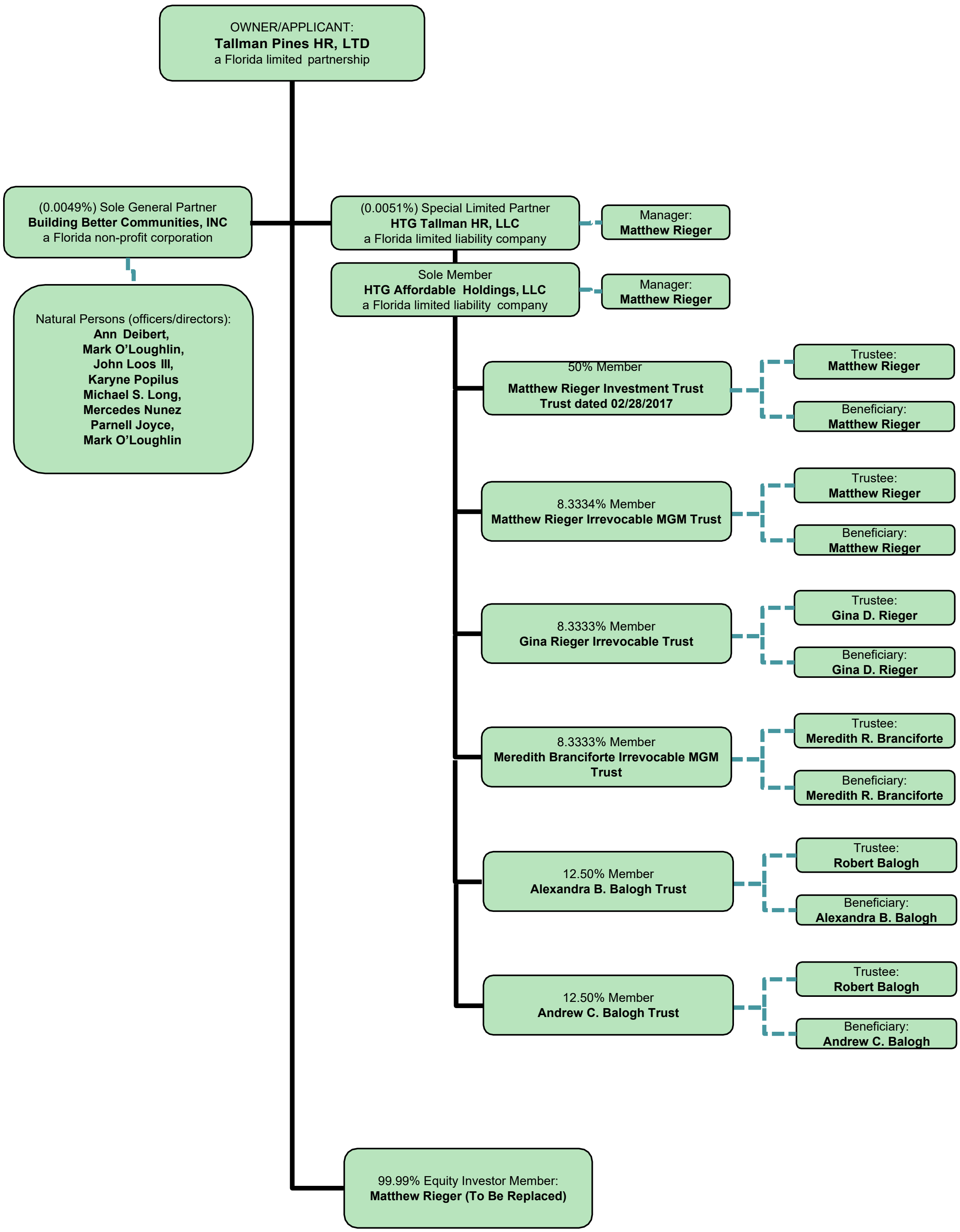
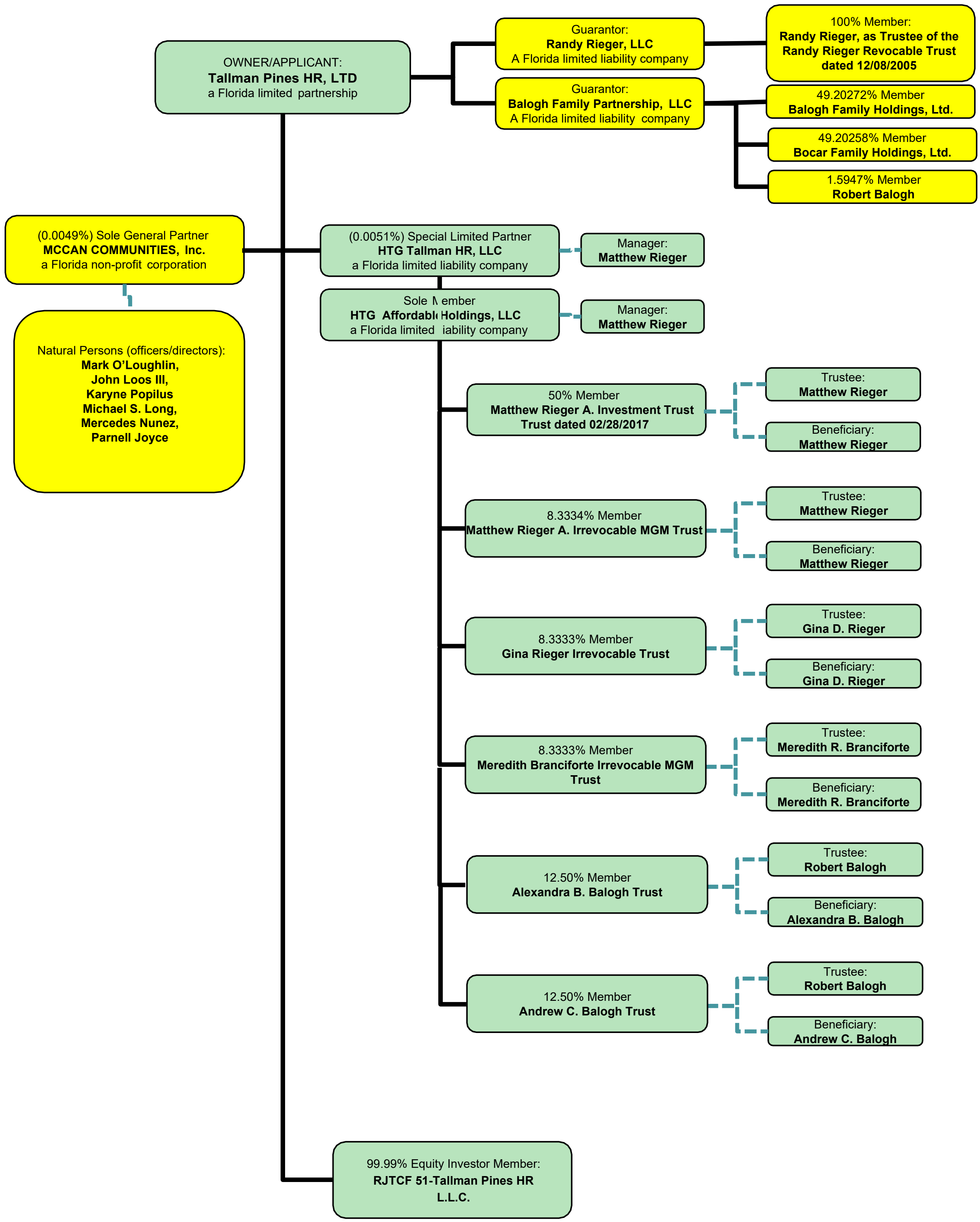


EXHIBIT A- PROPOSED

Tallman Pines HR, LTD

Broward County, Florida

Proposed



RESOLUTION

of the

Board of Directors of
Florida Housing Finance Corporation

pertaining to

the Acknowledgement Resolution for
Sovereign at Harbor West

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 SOVEREIGN AT HARBOR WEST, LLC, OR AN AFFILIATE THEREOF OR ANY ENTITY IN WHICH SOVEREIGN AT HARBOR, 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 $7,320,500 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 Sovereign at Harbor West, LLC**,** or an affiliate thereof or any entity in which Sovereign at Harbor West, LLC is a general partner or managing member (the "Developer"), on a site located in Charlotte County, Florida, and known as Sovereign at Harbor West, 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 $7,320,500 in tax-exempt financing for a portion of the cost of acquiring, constructing and equipping approximately 32 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 Charlotte 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 2022 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 21st day of July, 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 Sovereign at Parkside East

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 SOVEREIGN AT PARKSIDE EAST, LLC, OR AN AFFILIATE THEREOF OR ANY ENTITY IN WHICH SOVEREIGN AT PARKSIDE EAST, 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 $6,611,000 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 Sovereign at Parkside East, LLC, or an affiliate thereof or any entity in which Sovereign at Parkside East, LLC is a general partner or managing member (the “Developer”), on a site located in Charlotte County, Florida, and known as Sovereign at Parkside East, 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 $6,611,000 in tax-exempt financing for a portion of the cost of acquiring, constructing and equipping approximately 32 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 Charlotte 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 2022 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)

ATTEST:

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

____
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 21st day of July, 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 Bond 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 Emerald Villas Phase Three

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 EMERALD VILLAS PHASE THREE, LLC, OR AN AFFILIATE THEREOF OR ANY ENTITY IN WHICH EMERALD VILLAS PHASE THREE, 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 $15,070,000 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 Emerald Villas Phase Three, LLC**,** or an affiliate thereof or any entity in which Emerald Villas Phase Three, LLC is a general partner or managing member (the “Developer”), on a site located in Orange County, Florida, and known as Emerald Villas Phase Three, 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 $15,070,000 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 2022 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)

ATTEST:

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

____
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 21st day of July, 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:________________

Royal American
Companies

ROYAL AMERICAN MANAGEMENT, INC.
ROYAL AMERICAN DEVELOPMENT, INC.
ROYAL AMERICAN CONSTRUCTION CO., INC.

June 29, 2023

Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301
Attn. Tim Kennedy, Assistant Director of Multifamily Programs

RE: RFA 2017-108, Application Citadelle Village Apartments (2018-033BS)

Dear Mr. Kennedy:

The above-mentioned applicant requests an increase to the Total Development Cost Limitations set out in the 2017-108 RFA. We have recently been awarded Viability funding for an increase in an industry-wide surge in construction costs and items associated with it. We ask that the above-mentioned applicant be able to use the updated TDC limits approved at the 4/1/22 Telephonic Board Meeting, based on the most current award of Viability Funding award and not the original 2017 award.

Sincerely,

Joseph F. Chapman, IV,
Vice President of Waddell Plantation, Inc. Manager
Fletcher Black Redevelopment, LLC

Florida Housing Finance Corporation

Credit Underwriting Report

Citadelle Village

Tax-Exempt Multifamily Mortgage Revenue Note (“MMRN” or “Note”), State Apartment Incentive Loan (“SAIL”) Program, Extremely Low Income (“ELI”) Loan, 4% Non-Competitive Housing Credits (“HC”), and Construction Inflation Response Viability Funding

RFA 2017-108 (2018-033BS)
RFA 2023-211 (2023-261V)

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

Section A: Report Summary

Section B: MMRN, Viability, 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

July 10, 2023

Citadelle Village

TABLE OF CONTENTS

Section A

Report Summary

Recommendation

First Housing Development Corporation of Florida ("First Housing" or "FHDC" or "Servicer") recommends a Tax-Exempt Multifamily Mortgage Revenue Note in the amount of $23,250,000, a Viability Loan in the amount of $4,300,000, a SAIL Loan in the amount of $3,600,000, an ELI Loan in the amount of $600,000, and an annual 4% HC Allocation of $2,093,871 for the construction and permanent financing of Citadelle Village ("Development").

DEVELOPMENT & SET-ASIDES

Development Name: Citadelle Village

RFA/Program Numbers: RFA 2017-108 / 2018-033BS RFA 2023-211/ 2023-261V

Address: 181 NE 82nd Street

City: Miami Zip Code: 33138 County: Miami-Dade County Size: Large

Development Category: New Construction Development Type: High Rise

Construction Type: Masonry

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

# of ELI Units: 15 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 25

# of Link Units: 8 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
1	1.0	7	628	30%			$580	$84	$ 496	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 122,808
1	1.0	1	628	30%	$914		$580	$84	$ 496	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 17,544
1	1.0	5	628	50%	$914		$968	$84	$ 884	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 87,720
1	1.0	31	628	60%			$1,161	$84	$ 1,077		$ 1,077	$ 1,077	$ 1,077	$ 400,644
1	1.0	10	628	80%			$1,549	$84	$ 1,465		$ 1,465	$ 1,465	$ 1,465	$ 175,800
2	2.0	6	862	30%			$696	$117	$ 579	$ 1,806	$ 1,806	$ 1,806	$ 1,806	$ 130,032
2	2.0	4	862	50%	$1,097		$1,161	$117	$ 1,044	$ 1,806	$ 1,806	$ 1,806	$ 1,806	$ 86,688
2	2.0	19	862	60%			$1,393	$117	$ 1,276		$ 1,276	$ 1,276	$ 1,276	$ 290,928
2	2.0	7	862	80%			$1,858	$117	$ 1,741		$ 1,741	$ 1,741	$ 1,741	$ 146,244
3	2.0	1	1,182	30%			$805	$152	$ 653	$ 2,378	$ 2,378	$ 2,378	$ 2,378	$ 28,536
3	2.0	1	1,182	50%	$1,267		$1,341	$152	$ 1,189	$ 2,378	$ 2,378	$ 2,378	$ 2,378	$ 28,536
3	2.0	3	1,182	60%			$1,610	$152	$ 1,458		$ 1,458	$ 1,458	$ 1,458	$ 52,488
3	2.0	1	1,182	80%			$2,147	$152	$ 1,995		$ 1,995	$ 1,995	$ 1,995	$ 23,940
		96	72,036											$ 1,591,908

The one- and two-bedroom units have multiple unit square footages. First Housing has used the minimum square footages for each of those unit types in the chart above.

The Applicant selected Average Income Test. Therefore, according to Florida Housing's Best Practices on Income Averaging, the Applicant must set-aside 15% of the total units (15 units) as ELI set-aside units. The proposed Development must set aside 50% of the ELI set-aside units (8 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 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). Florida Housing Finance Corporation ("Florida Housing", "FHFC", or "Corporation") approval of the MOU is a condition to close.

FHFC's approval of a Tenant Selection Plan ("TSP") is a condition to close.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 97 Accessible Spaces - 4

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRN	40%	39	60%	50
SAIL/ELI/HC	15.625%	15	30%	50
SAIL/HC	65.625%	63	60%	50
SAIL/HC	18.750%	18	80%	50
County Surtax	15.625%	15	30%	30
County Surtax	65.625%	63	60%	30
County Surtax	18.750%	18	80%	30
City GOB Assisted Units	14.6%	14	30%	30
City GOB Assisted Units	55.2%	53	60%	30
City GOB Assisted Units	18.8%	18	80%	30
City HOME Assisted Units	11.5%	11	50%	30

Absorption Rate 31 units per month for 3.1 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
Occupancy Comments N/A - new construction

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 0.556 Density: 172.6619 Flood Zone Designation: X
Zoning: T6-8-O, Urban Core Transect Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	Citadelle Village, LLC	% Ownership
Manager	HACDC Citadelle Village, LLC	0.01%
Member	Raymond James Affordable Housing Investments, Inc. ("RJAHI")	99.99%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Citadelle Village, LLC	
CC Guarantor 2:	HACDC Citadelle Village, LLC	
CC Guarantor 3:	HACDC CV Manager, LLC	
CC Guarantor 4:	Little Haiti Housing Association, Inc.	
CC Guarantor 5:	Waddell Plantation, Inc. and Jeannette B. Chapman	
CC Guarantor 6:	Citadelle Village Developer, LLC	
CC Guarantor 7:	Royal American Development, Inc. ("RAD")	
CC Guarantor 8:	Peoples First Properties, Inc.	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Citadelle Village, LLC	
OD Guarantor 2:	HACDC Citadelle Village, LLC	
OD Guarantor 3:	HACDC CV Manager, LLC	
OD Guarantor 4:	Little Haiti Housing Association, Inc.	
OD Guarantor 5:	Waddell Plantation, Inc. and Jeannette B. Chapman	
OD Guarantor 6:	Citadelle Village Developer, LLC	
OD Guarantor 7:	RAD	
OD Guarantor 8:	Peoples First Properties, Inc.	
Note Purchaser	Citibank, N.A. ("Citi")	
Developer:	Citadelle Village Developer, LLC	
Principal 1	Little Haiti Housing Association, Inc.	
Principal 2	Royal American Development, Inc.	
General Contractor 1:	Royal American Construction Company, Inc. ("RAC")	
Management Company:	Royal American Mangement, Inc. ("RAM")	
Syndicator:	RJAHI	
Note Issuer:	FHFC	
Architect:	Anillo, Toledo, Lopez, LLC	
Market Study Provider:	Meridian Appraisal Group, Inc. ("Meridian")	
Appraiser:	Meridian	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	6th & 7th
Lien Position	First	Second	Third	Fourth	Fifth	Sixth and Seventh
Lender/Grantor	FHFC/Citi	FHFC - Viability	FHFC - SAIL	FHFC - SAIL ELI	Miami-Dade County	City of Miami-Dade
Amount	$6,900,000	$4,300,000	$3,600,000	$600,000	$3,400,000	$2,990,000
Underwritten Interest Rate	6.06%	1.00%	1.00%	0.00%	1.00%	0.00%
Loan Term	15	15	15	15	30	30
Amortization	40	0	0	0	0	0
Market Rate/Market Financing LTV	26%	42%	55%	57%	70%	81%
Restricted Market Financing LTV	47%	77%	101%	105%	129%	149%
Loan to Cost - Cumulative	15%	25%	32%	34%	41%	48%
Loan to Cost - SAIL Only	N/A	N/A	8%	N/A	N/A	N/A
Debt Service Coverage	1.38	1.24	1.15	1.14	1.08	1.08
Operating Deficit & Debt Service Reserves	$635,609					
# of Months covered by the Reserves	5.6					

Deferred Developer Fee	$4,314,181
As-Is Land Value	$2,340,000
Market Rent/Market Financing Stabilized Value	$26,840,000
Rent Restricted Market Financing Stabilized Value	$14,620,000
Projected Net Operating Income (NOI) - Year 1	$671,097
Projected Net Operating Income (NOI) - 15 Year	$744,348
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	Private Placement
Housing Credit (HC) Syndication Price	$0.89
HC Annual Allocation - Initial Award	$754,301
HC Annual Allocation - Qualified in CUR	$2,093,871
HC Annual Allocation - Equity Letter of Interest	$2,199,825

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
FHFC - MMRN	FHFC/Citi	$23,250,000	$6,900,000	$71,875
FHFC - Viability	FHFC	$4,300,000	$4,300,000	$44,792
FHFC - SAIL	FHFC	$3,600,000	$3,600,000	$37,500
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$6,250
Local Government Subsidy	Miami-Dade County	$3,400,000	$3,400,000	$35,417
Local Government Subsidy	City of Miami-Dade	$2,990,000	$2,990,000	$31,146
HC Equity	RJAHI	$2,936,473	$19,576,486	$203,922
Deferred Developer Fee	Citadelle Village Developer, LLC	$4,604,194	$4,314,181	$44,939
TOTAL		$45,680,667	$45,680,667	$475,840

Credit Underwriter: First Housing
Date of Final CUR: 07/10/2023
TDC PU Limitation at Application: $318,300 TDC PU Limitation at Credit Underwriting: $474,350
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?	1-2.	
Are all funding sources the same as shown in the Application?		3-4.
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?		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?		7-10.

The following are explanations of the changes from application:

1. Since the Application, the ownership of the Manager of the Applicant, HACDC Citadelle Village, LLC, has changed and was approved at the May 10, 2019 FHFC Board meeting.

HACDC Citadelle Village, LLC Ownership (From):	HACDC Citadelle Village, LLC Ownership (To):
Little Haiti Housing Association, Inc. d/b/a HACDC – Sole Member	HACDC CV Manager, LLC – 51% Waddell Plantation, Inc. - 49%

2. At Application, there were two Developers, Little Haiti Housing Association, Inc. d/b/a HACDC and Stone Soup Development, Inc. On April 25, 2019, the Applicant submitted a request to remove the co-developers and replace them with Citadelle Village Developer, LLC. This request was approved at the May 10, 2019 FHFC Board meeting. Please refer to Section C for the ownership structure of Citadelle Village Developer, LLC.

3. Since the Application, the requested amount of Corporation issued MMRN has increased from $12,050,000 to $23,250,000 and was approved by FHFC's staff on June 15, 2023.

4. Since the Application, the following additional sources have been added: a FHFC Viability Loan in the amount of $4,300,000, additional Surtax funding in the amount of $2,400,000, funding from the City of Miami-Dade in the total amount of $2,990,000.

5. The Total Development Cost ("TDC") has increased by a total of $24,036,473 or 111.05% from $21,644,194 to $45,680,667 since the application. The increase is mainly due to an increase in construction costs and an overall increase across the Development budget.

6. Since the Application, the syndication pricing has decreased from $0.97 to $0.89. At Application, the Syndicator's name was Raymond James Tax Credit Funds ("RJTCF") but has since changed to RJAHI.

7. The Application indicated that Crossroad Management, LLC would be the management agent; however, the management agent has since changed to Royal American Management, Inc. First Housing received the prior experience chart.

8. Since the Application, the unit mix has changed, which was approved by FHFC's staff on January 20, 2022. The change in the unit mix is as follows:

Unit Mix (from)	Unit Mix (to)
(54) one bedroom/ one bathroom (34) two bedroom/ two bathroom (8) three bedroom/ two bathroom 96 total units	(54) one bedroom/ one bathroom (36) two bedroom/ two bathroom (6) three bedroom/ two bathroom 96 total units

9. Since the Application, the minimum set-aside commitment has changed from 40% at 60% Area Median Income ("AMI") to Average Income Test. FHFC's staff approved this change on July 7, 2023.

Set-Asides (From)	Set-Asides (From)
40% at 60% AMI (10%) 10 units @ 28% AMI (90%) 86 units @ 60% AMI 96 Total Units (10 ELI and 5 Link Units)	Average Income Test (15.625%) 15 units @ 30% AMI (65.625%) 63 units @ 60% AMI (18.750%) 18 units @ 80% AMI 96 Total Units (15 ELI and 8 Link Units)

10. The 21-Day Requirements identified the General Contractor ("GC") as Civic Construction Company, Inc. The GC is now Royal American Construction Company, Inc. First Housing received the Florida Housing Finance Corporation General Contractor Certification form for Royal American Construction Company, Inc. along with the required experience chart.

The above changes have no substantial material impact to the MMRN, Viability, SAIL, ELI, or HC 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 May 24, 2023, the Development team has the following noncompliance item(s) not in the correction period:

- Edgewood - Failure to provide required tenant programs and services.
- Village Allapattah II - Failure to provide a required tenant service.

According to the FHFC Past Due Report, dated May 25, 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 closing and the issuance of the annual HC allocation recommended herein have been satisfied.

Strengths:

1. The Principals, General Contractor, and the 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.

3. Based on the Market Study, there are 6 like-kind properties within the Competitive Market Area (“CMA”), which have a weighted occupancy rate of 98.7%.

Issues and Concerns:

1. Little Haiti Housing Association, Inc. has a loan with Florida Community Loan Fund (“FCLF”), which is currently in default. Management failed to file the necessary documentation for a property tax exemption, which added an unexpected increase in the mortgage payments.

Mitigating Factors:

1. Little Haiti Housing Association, Inc. is currently negotiating with FCLF to restructure the loan and is discussing options with RAZA Funding. It is anticipated the issue will be resolved in mid-July prior to closing. Citadelle Village will also be owned by RAD and will be managed by RAM, which are experienced in affordable multifamily housing.

Other Considerations:

None

Waiver Requests/Special Conditions:

1. At the June 9, 2023 FHFC Board Meeting, the Board approved the recommendation to reserve $4.3 million of the remaining funding of the Construction Inflation Response Viability Funding, under RFA 2023-211, for Citadelle Village.

2. The Applicant applied under RFA 2017-108, which has a TDC, exclusive of land costs and Operating Deficit Reserves (“ODR”) of $401,940 per unit for a high-rise, including a $5,000 tax-exempt bonds boost. The Applicant has submitted a request for an increase of the TDC per Unit Limitation (“TDC Limits”) and has requested to use the 2022 TDC limits in effect. Based on the TDC per unit limitations in effect as of the April 1, 2022 FHFC Telephonic Board Meeting, Florida Housing has set the TDC Limits for RFA 2022-205

(which is the 2022 RFA equivalate that the Applicant applied under), exclusive of land costs and ODR, of $474,350 per unit for new construction, high-rise, concrete construction Development located in Miami-Dade County, including a $7,500 tax-exempt bonds boost. The Development's TDC, exclusive of land, ODR, and demolition costs is $43,475,058 or $452,865 per unit, which is within the underwriting parameters. This report is contingent upon Board approval of the increase in the TDC Limits and is a condition to close.

Additional Information:

1. The Development's site is currently owned and occupied by Little Haiti Housing Association, Inc. d/b/a HACDC ("HACDC"), a non-profit organization. The current building will be razed for the new construction of the Development. Citadelle Village will consist of a 10-story, mixed-used building, containing 96 residential units, 1,331 square feet of retail space, and 4,163 square feet of office space. At this time, it is unknown who will occupy the retail space. The office space will be leased to HACDC. First Housing received a draft Lease Agreement for the office space between Citadelle Village, LLC ("Lessor") and Little Haiti Housing Association, Inc. ("Lessee"). The term of the lease is 40 years, with one, 10 -year extension option. The Base Rent is $12 annual, subject to adjustments. The Lessee shall pay Additional Rent, consisting of such items as real estate property taxes, if applicable, and its share of any common area maintenance expense, if applicable, and other similar items. Receipt of an executed Lease Agreement is a condition to close.

2. The Applicant has applied to Citi to provide construction and permanent funding ("Funding Loan"). The Funding Loan is requested pursuant to any Federal, State or local requirements concerning the proposed tax-exempt private activity allocation and/or Low-Income Housing Tax Credit requirements. The Funding Loan will be originated by Citi on behalf of FHFC ("Governmental Lender"). The proceeds of the Funding Loan will be used by FHFC to fund a mortgage loan with matching economic terms ("Project Loan") to the Applicant to finance the construction and permanent financing of the Development. The Funding Loan will be a non-recourse obligation of FHFC secured solely by receipts and revenues from the Project Loan and the collateral pledged (including a first mortgage lien with respect to the Development). Under the MMRN structure, the Funding Loan replaces the purchase by Citi of the tax-exempt bonds.

Recommendation:

First Housing recommends a Tax-Exempt MMRN in the amount of $23,250,000, a Viability Loan in the amount of $4,300,000, a SAIL Loan in the amount of $3,600,000, an ELI Loan in the amount of $600,000, and an annual 4% HC Allocation of $2,093,871 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 MMRN, Viability, 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:	Reviewed by:
Stephanie Petty	Edward Busansky
Senior Credit Underwriter	Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
FHFC - MMRN	FHFC/Citi	$12,050,000	$23,250,000	$23,250,000	8.40%	$1,953,000
FHFC - Viability	FHFC	$0	$4,300,000	$4,300,000	1.00%	$43,000
FHFC - SAIL	FHFC	$3,600,000	$3,600,000	$3,600,000	1.00%	$36,000
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	0.00%	$0
Local Government Subsidy	Miami-Dade County	$1,000,000	$3,400,000	$3,400,000	0.00%	$0
Local Government Subsidy	City of Miami-Dade	$0	$2,990,000	$2,990,000	0.00%	$0
HC Equity	RJAHI	$1,463,197	$2,746,701	$2,936,473	N/A	N/A
Deferred Developer Fee	Citadelle Village Developer, LLC	$3,025,636	$4,137,085	$4,604,194	N/A	N/A
Reserve Escrows	N/A	$0	$635,609	$0	N/A	N/A
Total		$21,738,833	$45,659,395	$45,680,667		$2,032,000

<u>First Mortgage</u>:

First Housing has reviewed a Term Sheet from Citi, dated July 5, 2023, for a Tax-Exempt "Back-to Back" Loan Structure. The construction loan is estimated in the amount of $23,250,000 but shall not exceed 80% of costs covered through the construction phase. The term is 30 months, plus one 6-month extension. If the 6-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. The interest will be based on a variable rate equal to one-month Term Secured Overnight Finance Rate ("SOFR"), as published by the CME Group, with a floor of 0.50%, plus a spread of 2.25%. The construction loan interest is calculated based on the one-month Term SOFR of 5.15%, as of July 5, 2023, plus a spread of 2.25%, and an underwriting cushion of 1.00% for an all-in rate of 8.40%.

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

<u>FHFC Viability Loan</u>:

First Housing reviewed a Notice of Preliminary Award from FHFC, dated June 29, 2023, with a preliminary Viability Loan in the amount of $4,300,000. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan in the amount of $4,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the 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.

<u>FHFC SAIL and ELI Loans:</u>

First Housing reviewed an invitation to enter credit underwriting, dated, May 4, 2018, from FHFC with a preliminary SAIL Loan in the amount of $3,600,000 and a preliminary ELI Loan in the amount of $600,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL 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 SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by RFA 2017-108, the ELI Loan term will be coterminous with the first mortgage. 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 50-year Compliance Period.

<u>Miami-Dade County</u>:

According to a letter, dated March 21, 2023, on January 22, 2020 the Board of County Commissioners ("BCC") approved a Conditional Loan Commitment for Citadelle Village, LLC. The Conditional Loan Commitment is for $2,400,000 of FY 2019 Surtax/SHIP program funds. In addition, the County committed $1,000,000 in Surtax 2017 Local Government Match in a letter dated October 10, 2017, for a combined amount not-to-exceed $3,400,000.

The Surtax funding will bear interest at 0% during years 1 and 2. The loan will require 1% interest only payments from Development cash flow in years 3 - 30, with an additional 1% accrual in years

3 - 30. The total term of the loan will be 30 years, of which 2 years are for the construction period and years 3 - 30 are for the permanent period.

City of Miami-Dade:

According to a letter, dated June 12, 2023, on February 10, 2022, the City Commission adopted a Resolution approving an additional allocation of up to $2,000,000 in Miami Forever tax valorem bond Funds (“GOB”) for the Development. Eighty-five (85) units shall be assisted with GOB funds, with an affordability period of 30 years. This is a deferred loan, with no debt service payments required. The Development must maintain the required affordable structure for a period of 30 years. Failure to comply will result in the full repayment of principal and an agreed upon interest rate. Full repayment of principal is due at the 30-year maturity.

According to the letter, dated June 12, 2023, on June 28, 2019, the Housing and Commercial Loan Committee (“HCLC”) approved an allocation of $990,000 in CHDO HOME Funds to Citadelle Village, LLC. Eleven (11) units will be HOME assisted, with an affordability period of 30 years. Based on conversations with the Developer, the loan will bear interest at 0% interest during construction. Once construction is complete, the loan will accrue interest at 3%. All accrued interest and principal will be deferred to the end of the 30-year affordability period. At the sole discretion of the City, the principal and interest payment may be waived. Verification of the loan terms is a condition to close.

Housing Credit Equity:

First Housing has reviewed a letter, dated June 9, 2023, indicating RJAHI shall attempt to affect a closing of an investment by a Fund sponsored by RJAHI. The Fund 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 $2,199,825 and a syndication rate of $0.89 per dollar. RJAHI anticipates a net capital contribution of $19,576,486 and has committed to make available 80.00% or $15,661,189 of the total net equity during the construction period. One additional installment will be available at stabilization and receipt of the Form 8609. The first installment, in the amount of $2,936,473 or 15.00% of the total net equity, meets RFA 2017-108 requirement that 15% of the total equity must be contributed at or prior to the closing. Please note, according to the letter, the second installment, in the amount of $12,724,716, will be available at 98% construction completion. This installment is technically a construction source; however, First Housing has not shown this installment during construction, as showing the 2nd installment would show surplus loan proceeds. At this time, RJAHI does not know who will participate in investor fund; however, they do not anticipate Citi will be an investor. The investor fund is subject to approval by FHFC and must not create a substantial user issue.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer $4,604,194 or 69.31% of the total Developer Fee of $6,642,466 during the construction period.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - MMRB	FHFC/Citi	$6,200,000	$6,900,000	$6,900,000	15	40	6.06%	$459,045
FHFC - Viability	FHFC	$0	$4,300,000	$4,300,000	15	0	1.00%	$43,000
FHFC - SAIL	FHFC	$3,600,000	$3,600,000	$3,600,000	15	0	1.00%	$36,000
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	15	0	0.00%	$0
Local Government Subsidy	Miami-Dade County	$1,000,000	$3,400,000	$3,400,000	30	0	1.00%	$34,000
Local Government Subsidy	City of Miami-Dade	$0	$2,990,000	$2,990,000	30	0	0.00%	$0
HC Equity	RJAHI	$7,315,983	$18,311,343	$19,576,486	N/A	N/A	N/A	N/A
Deferred Developer Fee	Citadelle Village Developer, LLC	$3,025,636	$5,558,052	$4,314,181	N/A	N/A	N/A	N/A
Total		$21,741,619	$45,659,395	$45,680,667				$572,045

First Mortgage:

First Housing has reviewed a Term Sheet from Citi, dated July 5, 2023, for a Tax-Exempt "Back-to Back" Loan Structure. The permanent loan is estimated to be $6,900,000 or such other loan amount supported by Citi's underwriting. The loan shall have a mandatory prepayment at the end of the 18th year following the closing date. First Housing has included 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 and equal to the sum of the 18-year SOFR SWAP Index, with a floor of 0.75%, plus a spread of 2.53%. The permanent interest rate is based upon the 18-year SOFR SWAP Index of 3.53% (per the term sheet), plus a 2.53% spread, for an interest rate of 6.06%.

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 $690,000. 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.

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).

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.

FHFC Viability Loan:

First Housing reviewed a Notice of Preliminary Award from FHFC, dated June 29, 2023, with a preliminary Viability Loan in the amount of $4,300,000. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan in the amount of $4,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the 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 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 and ELI Loans:

First Housing reviewed an invitation to enter credit underwriting, dated, May 4, 2018, from FHFC with a preliminary SAIL Loan in the amount of $3,600,000 and a preliminary ELI Loan in the amount of $600,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL 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 SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by RFA 2017-108, the ELI Loan term will be coterminous with the first mortgage. 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 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.

Miami-Dade County:

According to a letter, dated March 21, 2023, on January 22, 2020 the BCC approved a Conditional Loan Commitment for Citadelle Village, LLC. The Conditional Loan Commitment is for $2,400,000 of FY 2019 Surtax/SHIP program funds. In addition, the County committed $1,000,000 in Surtax 2017 Local Government Match in a letter dated October 10, 2017, for a combined amount not-to-exceed $3,400,000.

The Surtax funding will bear interest at 0% during years 1 and 2. The loan will require 1% interest only payments from Development cash flow in years 3 - 30, with an additional 1% accrual in years 3 - 30. The total term of the loan will be 30 years, of which 2 years are for the construction period and years 3 - 30 are for the permanent period.

City of Miami-Dade:

According to a letter, dated June 12, 2023, on February 10, 2022, the City Commission adopted a Resolution approving an additional allocation of up to $2,000,000 in GOB for the Development. Eighty-five (85) units shall be assisted with GOB funds, with an affordability period of 30 years. This is a deferred loan, with no debt service payments required. The Development must maintain the required affordable structure for a period of 30 years. Failure to comply will result in the full repayment of principal and an agreed upon interest rate. Full repayment of principal is due at the 30-year maturity.

According to the letter, dated June 12, 2023, on June 28, 2019, the HCLC approved an allocation of $990,000 in CHDO HOME Funds to Citadelle Village, LLC. Eleven (11) units will be HOME assisted, with an affordability period of 30 years. Based on conversations with the Developer, the loan will bear interest at 0% interest during construction. Once construction is complete, the loan will accrue interest at 3%. All accrued interest and principal will be deferred to the end of the 30-year affordability period. At the sole discretion of the City, the principal and interest payment may be waived. Since the interest payment is deferred until the end of the affordability period, First Housing has shown a 0% interest rate in the chart above. Verification of the loan terms is a condition to close.

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 June 9, 2023, indicating a fund sponsored by RJAHI, will provide HC equity as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$2,936,473	15.00%	Closing
2nd Installment	$12,724,716	65.00%	98% Construction Completion
3rd Installment	$3,915,297	20.00%	Stabilization and receipt of 8609s
Total	$19,576,486	100.00%	

Annual Credit Per Syndication Agreement	$2,199,825
Calculated HC Exchange Rate	$0.89
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$15,661,189

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $4,314,181 or 64.95% of the total Developer Fee of $6,642,466. 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
Demolition	$100,000	$0	$70,000	$729	$70,000
New Rental Units	$9,644,000	$25,075,496	$23,549,619	$245,309	$1,000,436
Site Work	$600,000	$0	$1,105,000	$11,510	$110,500
Furniture, Fixture, & Equipment	$901,000	$0	$0	$0	$0
Constr. Contr. Costs subject to GC Fee	$11,245,000	$25,075,496	$24,724,619	$257,548	$1,180,936
General Conditions	$1,574,300	$3,510,569	$1,483,477	$15,453	$0
Overhead	$0	$0	$494,492	$5,151	$0
Profit	$0	$0	$1,483,477	$15,453	$0
General Liability Insurance	$0	$0	$186,397	$1,942	$0
Payment and Performance Bonds	$0	$0	$213,602	$2,225	$0
Total Construction Contract/Costs	$12,819,300	$28,586,065	$28,586,065	$297,772	$1,180,936
Hard Cost Contingency	$524,700	$1,429,303	$1,429,303	$14,889	$0
Total Construction Costs:	**$13,344,000**	**$30,015,368**	**$30,015,368**	**$312,660**	**$1,180,936**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated June 9, 2023, in the amount of $28,586,065. This is a Standard Form of Agreement between Owner, Citadelle Village, LLC and Contractor, Royal American Construction Co., Inc., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per this contract, substantial completion is to be achieved by no later than 18 calendar months from the date of commencement. The construction contract specifies retainage of 10% of the cost of the work performed shall be withheld from each payment application. Retainage shall be reduced to 0% held upon successful completion of 50% of the total work; provided the contractor is not in default, retainage will not be withheld on work completed after 50% of the project. Notwithstanding the foregoing, and for the avoidance of doubt, at no time after 50% of the total work is complete shall the aggregate retainage be less than 5% of the GMP. Retainage will not be held on the Payment and Performance Bonds ("P&P Bonds") and Insurance.

2. First Housing utilized the Schedule of Values ("SOV") to breakout the construction costs.

3. Based on the SOV, the concrete shell cost is $9,080,164, which is 36.73% of the actual construction costs. Under Rule Chapters 67-48 and 67-21, the General Contractor must ensure that not more than 20 percent of the construction cost is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31

percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. First Housing is recommending the Applicant submit a Rule Waiver, as the cost of the shell exceeds the limit. Unless the GC can confirm the concrete shell cost within the SOV is to more than one subcontractor.

4. The GC fee is within the maximum 14% of hard costs allowed by RFA 2017-108 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.

5. The Development will consist of 1,331 square feet of retail space and 4,163 square feet of office space, the estimated cost to construct the shell of the retail and office space is $1,000,436 and is an ineligible cost.

6. First Housing has included 10% of the site work as ineligible costs for housing credits.

7. The GC Contract includes costs for a P&P Bond to secure the construction contract.

8. The Hard Cost Contingency is within 5% of the total construction cost as allowed for new construction developments by RFA 2017-108 and Rule Chapters 67-48 and 67-21.

9. The SOV notes $75,000 in Allowances for security cameras, which is 0.26% of the GMP. Moran Construction Consultants, LLC ("Moran") found the allowances to be acceptable.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$30,000	$25,000	$25,000	$260	$6,250
Appraisal	$15,000	$15,000	$13,750	$143	$0
Architect's Fee - Site/Building Design	$400,000	$450,000	$450,000	$4,688	$0
Architect's Fee - Supervision	$100,000	$30,000	$30,000	$313	$0
Building Permits	$102,554	$300,000	$300,000	$3,125	$0
Builder's Risk Insurance	$106,752	$179,290	$179,252	$1,867	$0
Engineering Fees	$0	$150,000	$150,000	$1,563	$0
Environmental Report	$20,000	$7,500	$7,500	$78	$0
FHFC Administrative Fees	$41,487	$198,000	$115,163	$1,200	$115,163
FHFC Application Fee	$4,000	$3,000	$3,500	$36	$3,500
FHFC Credit Underwriting Fee	$26,800	$24,551	$29,239	$305	$29,239
FHFC Compliance Fee	$0	$25,000	$0	$0	$0
Impact Fee	$96,000	$819,000	$819,000	$8,531	$0
Lender Inspection Fees / Const Admin	$24,000	$27,000	$27,000	$281	$0
Green Building Cert. (LEED, FGBC, NAHB)	$0	$50,000	$50,000	$521	$0
Insurance	$142,699	$50,000	$50,000	$521	$0
Legal Fees - Organizational Costs	$250,000	$350,000	$350,000	$3,646	$0
Market Study	$8,000	$10,000	$12,300	$128	$12,300
Marketing and Advertising	$25,000	$40,000	$40,000	$417	$40,000
Plan and Cost Review Analysis	$0	$0	$5,850	$61	$0
Property Taxes	$65,280	$75,000	$75,000	$781	$0
Soil Test	$20,000	$25,000	$25,000	$260	$0
Survey	$20,000	$100,000	$100,000	$1,042	$0
Title Insurance and Recording Fees	$123,725	$282,863	$282,863	$2,946	$28,286
Utility Connection Fees	$192,000	$192,000	$192,000	$2,000	$0
Soft Cost Contingency	$90,915	$181,274	$166,620	$1,736	$0
Other:	$514,471	$0	$0	$0	$0
Total General Development Costs:	**$2,418,683**	**$3,609,478**	**$3,499,037**	**$36,448**	**$234,738**

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: FHFC Application Fee, FHFC Credit Underwriting, Appraisal, Market Study, and Plan and Cost Analysis ("PCA").

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 an underwriting fee of $24,093 and a Viability underwriting fee of $5,146.

5. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by RFA 2017-108 and Rules 67-48 and 67-21 for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee	$0	$0	$25,000	$260	$0
Construction Loan Origination Fee	$156,500	$174,375	$232,500	$2,422	$0
Construction Loan Closing Costs	$195,500	$65,000	$65,000	$677	$0
Construction Loan Interest	$882,875	$2,594,963	$2,187,360	$22,785	$984,312
Permanent Loan Origination Fee	$62,000	$51,750	$0	$0	$0
Permanent Loan Closing Costs	$259,000	$0	$17,500	$182	$17,500
FHFC Note Fiscal Agent Fee	$0	$0	$9,000	$94	$9,000
FHFC Note Cost of Issuance	$0	$93,630	$288,728	$3,008	$288,728
SAIL Commitment Fee	$0	$0	$36,000	$375	$36,000
SAIL-ELI Commitment Fee	$0	$0	$6,000	$63	$6,000
Misc Loan Underwriting Fee	$0	$0	$8,500	$89	$8,500
Legal Fees - Financing Costs	$0	$280,000	$280,000	$2,917	$280,000
Placement Agent/Underwriter Fee	$0	$0	$35,000	$365	$35,000
Initial TEFRA Fee	$0	$0	$1,000	$10	$1,000
Other: FHFC - Viability Commitment Fee	$0	$0	$43,000	$448	$43,000
Other: FHFC Issuer Fee	$0	$0	$111,600	$1,163	$111,600
Other: FHFC Extension Fees	$0	$0	$42,000	$438	$42,000
Total Financial Costs:	**$1,555,875**	**$3,259,718**	**$3,388,188**	**$35,294**	**$1,862,640**
Dev. Costs before Acq., Dev. Fee & Reserves	**$17,318,558**	**$36,884,564**	**$36,902,592**	**$384,402**	**$3,278,314**

Notes to the Financial Costs:

1. According to the Citi Term sheet, a non-refundable application fee in the amount of $25,000 is due and payable upon acceptance of the loan application.

2. The Construction Loan Commitment Fee is based on 1% of the construction loan amount.

3. The Construction Loan Interest is based on an interest rate of 8.40%, a 24-month term, and an average outstanding loan balance of 56%. The GC Contract specifies a substantial completion of no later than 18 months and considering a 6-month lease-up, First Housing has estimated that a construction term of 24-months is reasonable.

4. The Permanent Loan Closing Costs includes a $10,000 conversion fee and other expenses, including insurance review, site inspection and loan servicer set-up fees estimated at $7,500.

5. The FHFC Note Fiscal Agent Fee represents 2 years of the annual Fiscal Agent Fee of $4,500 during the construction period.

6. FHFC Note Cost of Issuance ("COI") includes MMRN, Viability, SAIL, and ELI Loans Closing Costs, and expenses of the Fiscal Agent, Real Estate Counsel, MMRN Counsel, Disclosure Counsel, and other fees.

7. The SAIL Commitment Fee is based on 1% of the SAIL Loan.

8. The ELI Commitment Fee is based on 1% of the ELI Loan.

9. The Miscellaneous Loan Underwriting Fee is related to the Miami-Dade County Surtax.

10. The Viability Commitment Fee is based on 1% of the Viability Loan

11. The FHFC Issuer Fee is based on an annual Issuer Fee of 24 bps on the total MMRN for 2 years.

12. The FHFC Extension Fees of $42,000 includes a 1% extension fee of the SAIL and ELI Loan.

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

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	$3,025,636	$6,639,222	$6,642,466	$69,192	$0
Total Other Development Costs:	$3,025,636	$6,639,222	$6,642,466	$69,192	$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, land acquisition costs, and ODR as allowed by RFA 2017-108 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	$1,300,000	$1,500,000	$1,500,000	$15,625	$1,500,000
Total Acquisition Costs:	**$1,300,000**	**$1,500,000**	**$1,500,000**	**$15,625**	**$1,500,000**

Notes to Land Acquisition Costs:

1. First Housing has reviewed a Lease, dated October 10, 2017, between Little Haiti Housing Association, Inc. ("Landlord") and Citadelle Village, LLC ("Tenant") and a draft First Amendment to Lease. The term of the Lease shall commence on the date the Tenant closes on its financing and shall remain in effect for 65 years. The Tenant shall be obligated to pay to the Landlord a one-time lump sum payment of rent in the amount of $1,500,000 for the entire lease term. Receipt of an executed First Amendment to Lease is a condition to close.

2. The appraisal, dated June 15, 2023, indicated that the market value of the ground leasehold interest in the site, as is (as vacant land), based on market conditions prevailing on May 28, 2023 was $2,340,000. Therefore, the appraisal 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 (Syndicator)	$0	$635,609	$635,609	$6,621	$635,609
Total Reserve Accounts:	**$0**	**$635,609**	**$635,609**	**$6,621**	**$635,609**

Notes to Reserve Accounts:

1. An Operating Deficit Reserve ("ODR") will be required of the Syndicator. First Housing has based the ODR amount on the Developer's budget. 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 67-21 and 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:	**$21,644,194**	**$45,659,395**	**$45,680,667**	**$475,840**	**$5,413,923**

Notes to Total Development Costs:

1. The TDC has increased by a total of $24,036,473 or 111.05% from $21,644,194 to $45,680,667 since the Application. The increase is mainly due to an increase in construction costs and an overall increase across the Development budget.

Operating Pro Forma – Citadelle Village

	FINANCIAL COSTS:			Year 1	Year 1 Per Unit
	OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income			**$1,591,908**	**$16,582**
	Other Income				
	Ancillary Income			$28,800	**$300**
	Gross Potential Income			**$1,620,708**	**$16,882**
	Less:				
	Physical Vac. Loss	Percentage:	4.00%	$64,828	**$675**
	Collection Loss	Percentage:	1.00%	$16,207	**$169**
	Total Effective Gross Income			**$1,539,673**	**$16,038**
EXPENSES:	Fixed:				
	Real Estate Taxes			$183,617	**$1,913**
	Insurance			$172,800	**$1,800**
	Variable:				
	Management Fee	Percentage:	5.52%	$84,959	**$885**
	General and Administrative			$57,600	**$600**
	Payroll Expenses			$153,600	**$1,600**
	Utilities			$96,000	**$1,000**
	Marketing and Advertising			$4,800	**$50**
	Maintenance and Repairs/Pest Control			$38,400	**$400**
	Grounds Maintenance and Landscaping			$14,400	**$150**
	Contract Services			$33,600	**$350**
	Reserve for Replacements			$28,800	**$300**
	Total Expenses			**$868,576**	**$9,048**
	Net Operating Income			**$671,097**	**$6,991**
	Debt Service Payments				
	First Mortgage - FHFC/Citi			$459,045	**$4,782**
	Second Mortgage - FHFC - Viability			$43,000	**$448**
	Third Mortgage - FHFC - SAIL			$36,000	**$375**
	Fourth Mortgage - FHFC - ELI			$0	**$0**
	Fifth Mortgage - Miami-Dade County			$34,000	**$354**
	All Other Mortgages - City of Miami-Dade			$0	**$0**
	First Mortgage Fees - FHFC			$27,270	**$284**
	Second Mortgage Fees - FHFC Viability			$10,750	**$112**
	Third Mortgage Fees - FHFC - SAIL			$10,023	**$104**
	Fourth Mortgage Fees - FHFC - ELI			$3,855	**$40**
	Fifth Mortgage Fees - Miami-Dade County			$0	**$0**
	All Other Mortgages Fees - City of Miami-Dade			$0	**$0**
	Total Debt Service Payments			**$623,943**	**$6,499**
	Cash Flow after Debt Service			**$47,154**	**$491**
	Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees			**1.38x**	
	DSC - Second Mortgage plus Fees			**1.24x**	
	DSC - Third Mortgage plus Fees			**1.15x**	
	DSC - Fourth Mortgage plus Fee			**1.14x**	
	DSC - Fifth Mortgage plus Fees			**1.08x**	
	DSC - All Mortgages and Fees			**1.08x**	
	Financial Ratios				
	Operating Expense Ratio			**56.41%**	
	Break-even Economic Occupancy Ratio (all debt)			**92.37%**	

Notes to the Operating Pro Forma and Ratios:

1. The MMRN program does not impose any rent restrictions. However, in conjunction with the MMRN this Development will be utilizing Housing Credits, SAIL, and ELI financing which will impose rent restrictions. The LIHTC rent levels are based on the 2023 maximum LIHTC rents published on FHFC's website for Miami-Dade County less the utility allowance. However, the HOME Rents are based on the 2022 HOME Rents as 2023 HOME Rents have not been published. 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
1	1.0	7	628	30%			$580	$84	$ 496	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 122,808
1	1.0	1	628	30%	$914		$580	$84	$ 496	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 17,544
1	1.0	5	628	50%	$914		$968	$84	$ 884	$ 1,462	$ 1,462	$ 1,462	$ 1,462	$ 87,720
1	1.0	31	628	60%			$1,161	$84	$ 1,077		$ 1,077	$ 1,077	$ 1,077	$ 400,644
1	1.0	10	628	80%			$1,549	$84	$ 1,465		$ 1,465	$ 1,465	$ 1,465	$ 175,800
2	2.0	6	862	30%			$696	$117	$ 579	$ 1,806	$ 1,806	$ 1,806	$ 1,806	$ 130,032
2	2.0	4	862	50%	$1,097		$1,161	$117	$ 1,044	$ 1,806	$ 1,806	$ 1,806	$ 1,806	$ 86,688
2	2.0	19	862	60%			$1,393	$117	$ 1,276		$ 1,276	$ 1,276	$ 1,276	$ 290,928
2	2.0	7	862	80%			$1,858	$117	$ 1,741		$ 1,741	$ 1,741	$ 1,741	$ 146,244
3	2.0	1	1,182	30%			$805	$152	$ 653	$ 2,378	$ 2,378	$ 2,378	$ 2,378	$ 28,536
3	2.0	1	1,182	50%	$1,267		$1,341	$152	$ 1,189	$ 2,378	$ 2,378	$ 2,378	$ 2,378	$ 28,536
3	2.0	3	1,182	60%			$1,610	$152	$ 1,458		$ 1,458	$ 1,458	$ 1,458	$ 52,488
3	2.0	1	1,182	80%			$2,147	$152	$ 1,995		$ 1,995	$ 1,995	$ 1,995	$ 23,940
		96	72,036											$ 1,591,908

2. It is anticipated that 25 units will be covered by a Section 8 Project Based Voucher program. Receipt of an Agreement to enter into a Housing Assistance Payment Contract ("AHAP"), is a condition to close.

3. The utility allowances are based on Miami-Dade County utility allowances for High Rise and dated January 1, 2023.

4. The appraisal included a Vacancy and Collection loss rate of 4.00%. First Housing has used a vacancy and collection loss rate of 5% to be more conservative.

5. Ancillary Income is comprised of revenue from vending machines, application fees, late charges, and forfeited security deposits. Total miscellaneous income of $28,800 per year is supported by the appraisal. The office space will be leased for a nominal amount (estimated at $12 per year), this nominal rent income amount is included in the Ancillary Income. Please note, at the time the Appraisal was completed, the office space was estimated at $1 per year.

6. 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.

7. First Housing received an executed, but undated, Property Management Agreement, between Citadelle Village, LLC and Royal American Management, Inc. The Agreement reflects a management fee of $4,865 per month or 5.2% of the gross collections received during the preceding month, whichever is greater. Further, the Management will provide compliance services for the Development and the Managing Agent will be compensated in an amount equal to $4.25 per unit per month. The Appraisal concluded to a management fee of 6%. First Housing utilized a management fee of 5.2% plus $4.25 per month per year for an overall management fee of 5.52%.

8. The tenant is responsible for electric, cable, and internet. The landlord is responsible for common area electric, water/sewer, and trash removal.

9. Replacement Reserves of $300 per unit per year are required, per RFA 2017-108 and Rule Chapters 67-48 and 67-21.

10. The Break-even Economic Occupancy Ratio includes all debt; however, the Viability Loan, SAIL Loan, and Miami-Dade County loan interest payments are based on available cash flow. This ratio would improve to 85.39% if these interest payments were not included in the calculation.

11. 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

MMRN, Viability, 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 30 days 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 MMRN pricing date and/or MMRN, Viability, SAIL, and ELI closing date. For competitive MMRN sales, these items must be reviewed and approved prior to issuance of the notice of MMRN sale:

1. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and the Servicer.

2. Firm Commitment from Citi (construction and permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

3. Final loan documents for the fifth, sixth, and seventh mortgages with terms which are not substantially different than those utilized in this credit underwriting report.

4. Verification of the HOME Loan terms.

5. Florida Housing’s approval of a TSP and MOU.

6. Florida Housing Board approval of the increase to the TDC Limits.

7. Florida Housing Board approval of a waiver of the 31% Rule, if applicable

8. Receipt of a satisfactory executed First Amendment to Lease (Ground Lease).

9. Receipt of a satisfactory executed Lease Agreement for the office space.

10. Receipt of a final Document and Cost Review.

11. Receipt of a rental assistance contract, with rents utilized in this credit underwriting report.

12. Receipt of a dated executed management agreement with the same terms as in this report.

13. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing if un-audited and within a year of closing if audited.

14. At least 30% of the Developer Fee must be deferred pursuant to the requirements of the Viability Loan.

15. Receipt of satisfactory financials from Little Haiti Housing Association, Inc.

16. Receipt of a satisfactory bank references for Little Haiti Housing Association, Inc.

17. Receipt of a satisfactory Statement of Financial Affairs/Credit Affairs for Little Haiti Housing Association, Inc.

18. Receipt of Operating Agreements for HACDC Citadelle Village, LLC.

19. Receipt of a letter from the structural engineer indicating the plans have been made in accordance with the soils report.

20. 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.

21. Satisfactory resolution of the FCLF Loan, which is currently in default.

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 30 days 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. Moran 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 Construction 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. 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. Borrower is to comply with any and all recommendations noted in the PCA, prepared by Moran.

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 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.

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 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. 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. 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.

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 agreement 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 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.

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, 420.5087, and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB and 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 2017-108, RFA 2023-211, Section 42 I.R.C (Housing Credits), and any other State or Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, Viability, 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 Applicant is in default under the Limited Partnership Agreement.

4. All amounts necessary to complete construction must be deposited with the Fiscal Agent 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 Fiscal Agent at the MMRN 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 MMRN, 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 ratio on the MMRN 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, all for a period equal to 12 consecutive months, all 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. 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 combined permanent first mortgage MMRN and Viability 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.

8. 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 MMRN, Viability Loan, 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.

9. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

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

11. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

12. 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.

13. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Fiscal Agent, 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.

14. 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 Chapters 67-21 and 67-48 F.A.C., in the amount of $28,800 (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 15th year after the initial Replacement Reserve Date and subsequently every five (5) years thereafter.

15. 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 retainage of 10% of the cost of the work performed shall be withheld from each payment application. Retainage shall be reduced to 0% held upon successful completion of 50% of the total work. This meets RFA 2017-108 and Rule Chapters 67-48 and 67-21 minimum requirements.

16. Closing of all funding sources prior to or simultaneous with the MMRN, Viability, SAIL, and ELI Loans.

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

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

19. 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 $2,093,871. 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 Proforma – Citadelle Village

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	**$1,591,908**	**$1,623,746**	**$1,656,221**	**$1,689,346**	**$1,723,132**	**$1,757,595**	**$1,792,747**	**$1,828,602**	**$1,865,174**	**$1,902,477**	**$1,940,527**	**$1,979,338**	**$2,018,924**	**$2,059,303**	**$2,100,489**
Other Income															
Ancillary Income	$28,800	$29,376	$29,964	$30,563	$31,174	$31,798	$32,433	$33,082	$33,744	$34,419	$35,107	$35,809	$36,525	$37,256	$38,001
Gross Potential Income	**$1,620,708**	**$1,653,122**	**$1,686,185**	**$1,719,908**	**$1,754,306**	**$1,789,393**	**$1,825,180**	**$1,861,684**	**$1,898,918**	**$1,936,896**	**$1,975,634**	**$2,015,147**	**$2,055,450**	**$2,096,559**	**$2,138,490**
Less:															
Physical Vac. Loss Percentage: 4.00%	$64,828	$66,125	$67,447	$68,796	$70,172	$71,576	$73,007	$74,467	$75,957	$77,476	$79,025	$80,606	$82,218	$83,862	$85,540
Collection Loss Percentage: 1.00%	$16,207	$16,531	$16,862	$17,199	$17,543	$17,894	$18,252	$18,617	$18,989	$19,369	$19,756	$20,151	$20,555	$20,966	$21,385
Total Effective Gross Income	**$1,539,673**	**$1,570,466**	**$1,601,875**	**$1,633,913**	**$1,666,591**	**$1,699,923**	**$1,733,921**	**$1,768,600**	**$1,803,972**	**$1,840,051**	**$1,876,852**	**$1,914,389**	**$1,952,677**	**$1,991,731**	**$2,031,565**
EXPENSES:															
Fixed:															
Real Estate Taxes	$183,617	$189,126	$194,799	$200,643	$206,663	$212,862	$219,248	$225,826	$232,601	$239,579	$246,766	$254,169	$261,794	$269,648	$277,737
Insurance	$172,800	$177,984	$183,324	$188,823	$194,488	$200,323	$206,332	$212,522	$218,898	$225,465	$232,229	$239,196	$246,371	$253,763	$261,376
Variable:															
Management Fee Percentage: 5.52%	$84,959	$86,658	$88,391	$90,159	$91,962	$93,802	$95,678	$97,591	$99,543	$101,534	$103,565	$105,636	$107,749	$109,903	$112,102
General and Administrative	$57,600	$59,328	$61,108	$62,941	$64,829	$66,774	$68,777	$70,841	$72,966	$75,155	$77,410	$79,732	$82,124	$84,588	$87,125
Payroll Expenses	$153,600	$158,208	$162,954	$167,843	$172,878	$178,064	$183,406	$188,909	$194,576	$200,413	$206,426	$212,618	$218,997	$225,567	$232,334
Utilities	$96,000	$98,880	$101,846	$104,902	$108,049	$111,290	$114,629	$118,068	$121,610	$125,258	$129,016	$132,886	$136,873	$140,979	$145,209
Marketing and Advertising	$4,800	$4,944	$5,092	$5,245	$5,402	$5,565	$5,731	$5,903	$6,080	$6,263	$6,451	$6,644	$6,844	$7,049	$7,260
Maintenance and Repairs/Pest Control	$38,400	$39,552	$40,739	$41,961	$43,220	$44,516	$45,852	$47,227	$48,644	$50,103	$51,606	$53,155	$54,749	$56,392	$58,083
Grounds Maintenance and Landscaping	$14,400	$14,832	$15,277	$15,735	$16,207	$16,694	$17,194	$17,710	$18,241	$18,789	$19,352	$19,933	$20,531	$21,147	$21,781
Contract Services	$33,600	$34,608	$35,646	$36,716	$37,817	$38,952	$40,120	$41,324	$42,563	$43,840	$45,156	$46,510	$47,906	$49,343	$50,823
Reserve for Replacements	$28,800	$28,800	$28,800	$28,800	$28,800	$28,800	$28,800	$28,800	$28,800	$28,800	$29,664	$30,554	$31,471	$32,415	$33,387
Total Expenses	**$868,576**	**$892,920**	**$917,977**	**$943,768**	**$970,316**	**$997,641**	**$1,025,769**	**$1,054,721**	**$1,084,523**	**$1,115,199**	**$1,147,639**	**$1,181,033**	**$1,215,408**	**$1,250,792**	**$1,287,217**
Net Operating Income	**$671,097**	**$677,546**	**$683,899**	**$690,145**	**$696,276**	**$702,282**	**$708,153**	**$713,879**	**$719,449**	**$724,852**	**$729,213**	**$733,356**	**$737,270**	**$740,938**	**$744,348**
Debt Service Payments															
First Mortgage - FHFC/Citi	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045	$459,045
Second Mortgage - FHFC - Viability	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000
Third Mortgage - FHFC - SAIL	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000
Fourth Mortgage - FHFC - ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fifth Mortgage - Miami-Dade County	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
First Mortgage Fees - FHFC	$27,270	$27,268	$27,264	$27,255	$27,243	$27,226	$27,204	$27,177	$27,144	$27,105	$27,060	$27,008	$26,947	$26,879	$26,801
Second Mortgage Fees - FHFC Viability	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750
Third Mortgage Fees - FHFC - SAIL	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023	$10,023
Fourth 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
Fifth Mortgage Fees - Miami-Dade County	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments	**$623,943**	**$623,941**	**$623,937**	**$623,928**	**$623,915**	**$623,898**	**$623,877**	**$623,850**	**$623,817**	**$623,778**	**$623,733**	**$623,680**	**$623,620**	**$623,551**	**$623,474**
Cash Flow after Debt Service	**$47,154**	**$53,605**	**$59,962**	**$66,217**	**$72,360**	**$78,383**	**$84,276**	**$90,029**	**$95,632**	**$101,074**	**$105,480**	**$109,676**	**$113,649**	**$117,387**	**$120,875**
Debt Service Coverage Ratios															
DSC - First Mortgage plus Fees	**1.38**	**1.39**	**1.41**	**1.42**	**1.43**	**1.44**	**1.46**	**1.47**	**1.48**	**1.49**	**1.50**	**1.51**	**1.52**	**1.52**	**1.53**
DSC - Second Mortgage plus Fees	**1.24**	**1.25**	**1.27**	**1.28**	**1.29**	**1.30**	**1.31**	**1.32**	**1.33**	**1.34**	**1.35**	**1.36**	**1.37**	**1.37**	**1.38**
DSC - Third Mortgage plus Fees	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.20**	**1.21**	**1.22**	**1.23**	**1.24**	**1.24**	**1.25**	**1.26**	**1.27**	**1.27**
DSC - Fourth Mortgage plus Fee	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.20**	**1.21**	**1.22**	**1.23**	**1.24**	**1.24**	**1.25**	**1.26**	**1.26**
DSC - Fifth Mortgage plus Fees	**1.08**	**1.09**	**1.10**	**1.11**	**1.12**	**1.13**	**1.14**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.18**	**1.19**	**1.19**
Financial Ratios															
Operating Expense Ratio	**56.41%**	**56.86%**	**57.31%**	**57.76%**	**58.22%**	**58.69%**	**59.16%**	**59.64%**	**60.12%**	**60.61%**	**61.15%**	**61.69%**	**62.24%**	**62.80%**	**63.36%**
Break-even Economic Occupancy Ratio (all debt)	**92.37%**	**92.03%**	**91.72%**	**91.43%**	**91.15%**	**90.90%**	**90.66%**	**90.44%**	**90.24%**	**90.06%**	**89.94%**	**89.83%**	**89.75%**	**89.68%**	**89.62%**

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$45,680,667
Less Land Costs	$1,500,000
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$3,913,923
Total Eligible Basis	$40,266,745
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$52,346,769
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	$2,093,871

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include: demolition, office space, site work, accounting fees, FHFC Fees, market study, marketing, title and recording fees, financial costs, closing 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 credit was applied.
4. For purposes of this recommendation, a HC percentage of 4% 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)	$45,680,667
Less Mortgages	$21,790,000
Less Grants	$0
Equity Gap	$23,890,667
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.89
HC Required to meet Equity Gap	$26,846,131
Annual HC Required	$2,684,613

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the letter, dated June 9, 2023, from RJAHI.

Section III: Summary

HC Per Syndication Agreement	$2,199,825
HC Per Qualified Basis	$2,093,871
HC Per GAP Calculation	$2,684,613
Annual HC Recommended	$2,093,871
Syndication Proceeds based upon Syndication Agreement	$19,576,486

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.

50% Test

Tax-Exempt Note Amount	$23,250,000
Less: Debt Service Reserve Funded with Tax-Exempt Note Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Note Amount	$23,250,000
Total Depreciable Cost	$40,266,745
Plus Land Cost	$1,500,000
Aggregate Basis	$41,766,745
Net Tax-Exempt Note to Aggregate Basis Ratio	55.67%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

Viability Loan Sizing

Viability Loan Sizing Parameters and Metrics

Select the Development		Citadelle Village			
RFA of Active Award		2017-108			
Demographic Commitment		Family			
Total Number of Units		96			
Existing Competitive Active Awards:		Set-Aside Units			
9% HC Allocation	NA	NA			
SAIL	$3,600,000	96			
ELI	$600,000	15			
NHTF	NA	NA			
HOME	NA	NA			
Tax Exempt Bond Financing:					
If MMRB, how much is the Perm Amount?	$ 6,900,000	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 (96 units x $125,000 PU)		$ 12,000,000	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:			No		
Applicant's Request Amount		$ 4,300,000	If so, how much should be deducted?		
Per Development/PU Limit		$ 4,300,000			
Eligible Request Amount:		**$ 4,300,000**			
b. Gap Analysis for Viability Sizing Purposes Only:					
Permanent Funding Sources:		DS w/ Fees	DSCR	NCF	
Sized First Mortgage	$ 7,336,328.46	$ 516,228	1.3000x	$ 154,868	
Viability	$ 4,300,000.00	$ 53,750	1.1774x	$ 101,118	
SAIL	$ 3,600,000.00	$ 46,023	1.0894x	$ 55,095	
ELI	$ 600,000.00	$ 3,855	1.0827x	$ 51,240	
FHFC Source 3 - NA	$ -	$ -	1.0827x	$ 51,240	
Miami-Dade County	$ 3,400,000.00	$ 34,000	1.0264x	$ 17,240	
City of Miami-Dade	$ 2,990,000.00	$ -	1.0264x	$ 17,240	
<additional source>	$ -	$ -	1.0264x	$ 17,240	
<additional source>	$ -	$ -	1.0264x	$ 17,240	
<additional source>	$ -	$ -	1.0264x	$ 17,240	
HC Equity	$ 19,576,486.00				
Deferred Developer Fee (58.38%)	$ 3,877,852.93				
Total Sources	$ 45,680,667.39	$ 653,856	1.0264x	$ 17,240	
Additional First Mortgage *(Min 1st Sizing)*	$ 436,328.46	$ 1,047.19			
Additional First Mortgage *(DCR Sizing)*	$ -	$ -			
Total Development Costs		$45,680,667			
Maximum Developer Fee Percentage		18%			
Total Developer Fee		$6,642,466			
Minimum 30% Deferred Developer Fee		$ 1,992,739.80			

**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	$ 1,539,672.60
Total Operating Expenses in CUR Yr 1	$ 868,575.98
Net Operating Income in CUR Yr 1	$ 671,096.62
Actual Traditional 1st Mortgage:	
Proposed Amount of Traditional 1st Mortgage	**$ 6,900,000.00**
Traditional 1st Mtg Amortization (Years)	40.00
Traditional 1st Mtg Interest Rate	6.060%
Traditional 1st Mtg Mortgage Constant	6.65282%
Local HFA Bond Fees, if applicable	
Traditional 1st Mtg DSCR (w/ fees)	1.38x
Net Cash Flow (NCF) after 1st Mtg Debt Service	$ 184,943.80
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$ 49,878.00
NCF after FHFC Subsidy Loans DS & Fees	$ 135,065.80
RFA 2023-211 Minimum 1st Mortgage:	
Maximum 1st Mtg DSCR from Viability RFA	1.30x
Sized Debt Service from maximum DSCR	$ 516,228.17
MMRB Fees to be included in Sized Debt Service	$ 28,155.19
Sized Debt Service to be incorporated, net of fees	$ 488,072.98
Mortgage Constant to be incorporated	6.65282%
Resulting minimum 1st Mtg	**$ 7,336,328.46**
NCF after resulting minimum 1st Mtg	$ 154,868.45
NCF after FHFC Subsidy Loans DS & Fees	$ 104,990.45
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:	
Total Vacancy & Collection Rate in CUR	5.000%
Revenue Growth Rate in CUR	2.000%
Operating Expense Growth Rate in CUR	3.000%
Amortization to be incorporated (Years)	40.00
Interest Rate to be incorporated	7.000%
Resulting Mortgage Constant for qualifying debt	7.45718%
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

			Add'l MMRB Fees for Add'l 1st Mtg Funding
Permanent Loan Servicing		**$ 25,414.00**	
MMRB Annual Fee	0.023%	$ 1,587.00	
MMRB Annual Minimum	$2,832	$ 2,832.00	
MMRB Permanent Loan Servicing Fee		**$ 2,832.00**	
Non-MMRB Annual Fee(s)	0.25%	$ 21,250.00	
Non-MMRB Annual Minimum(s)	$2,832	$ 8,496.00	
Non-MMRB Annual Maximum(s)	$11,232	$ 33,696.00	
Non-MMRB Permanent Loan Servicing Fee(s)		**$ 22,582.00**	
Compliance Monitoring		**$ 5,262.00**	
MMRB Annual Base Fee	$2,196	$ 2,196.00	
Additional MMRB PSAU Fee	$11.24	$ -	
MMRB Minimum Annual Fee	$3,216	$ 3,216.00	
MMRB Compliance Monitoring Fee		**$ 3,216.00**	
Non-MMRB Annual Base(s)	$2,196	$ -	
Additional Non-MMRB PSAU Fee(s)	$11.24	$ -	
Non-MMRB Annual Minimum(s)	$3,432	$ -	
Multiple Program Fee(s)	$1,023	$ 2,046.00	
Non-MMRB Compliance Monitoring Fee(s)		**$ 2,046.00**	
FHFC MMRB Ongoing Issuer Fees		**$ 16,560.00**	
MMRB Annual Fee	0.24%	$ 16,560.00	$ 1,047.19
MMRB Annual Minimum	$10,000	$ 10,000.00	
FHFC MMRB Trustee Fees		**$ 4,500.00**	
Flat Rate	$4,500	$ 4,500.00	
Total MMRB Fees on Additional 1st Mortgage			$ 1,047.19
Additional First Mortgage (Min 1st Sizing) prorata distribution			$ 1,047.19
Additional First Mortgage (DCR Sizing) prorata distribution			$ -

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:	1.0759x
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:	1.0264x

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.

Citadelle Village
RFA 2017-108 (2018-033BS)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

96 Units located in 1 High Rise residential building

Unit Mix:

Fifty-four (54) one bedroom/one bath units;

Thirty-six (36) two bedroom/two bath units; and

Six (6) three bedroom/two bath units

96 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 requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 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, incorporating the most recent amendments, regulations, and rules, as applicable.

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. 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 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; and
   - 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 non-Elderly new construction units;

9. All Family Demographic Developments must provide a full-size range and oven in all units.

D. The Development must provide the following Accessibility Features in all units:

1. Primary entrance door 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.

E. Provide reinforced walls for future installation of horizontal grab bars in place around each toilet/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 604.5.1 (Side Wall). 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 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, 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 Family Demographic Developments:

All new construction units 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. Faucets: 1.5 gallons/minute or less,
   iii. Showerheads: 2.0 gallons/minute or less;

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 = Energy Star certified;
   - 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; and

h. Air Conditioning (choose in-unit or commercial):
   i. In-unit air conditioning: Minimum 15 SEER
   ii. Ductless mini-split systems – Energy Star certified;
   iii. Window air conditioners and portable air conditioners are not allowed. Through the wall units and PTACs are allowed in studio and 1 bedroom units;
      a. Through the wall units – Energy Star certified;
      b. PTACs-minimum EER based on capacity:
         i. <6,900 Btu/h – 12.8 EER
         ii. 6,901 -9,400 – 12 EER
         iii. 9,401 –11,500 – 11.2 EER
         iv. 11,501 -14,700 – 10.4 EER
         v. >14,700 -10.2 EER

   iv. Central chiller AC system – based on size:
      a. 0-65 KBtuh: Energy Star certified; or
      b. 65-135 KBtuh: 11.9 EER; or
      c. 135-240 KBtuh: 12.3 EER; or
      d. 240 KBtuh: 12.2 EER

i. Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope; and

j. Seal and insulate heating and cooling system ducts with mastic or metal backed tape.

In addition to the required Green Building Features outlined in (1) above, all Applicants must select enough additional Green Building features in Exhibit A so that the total point value of the features selected equals at least 10 points.

H. 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. _X_ 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. __ 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.

I. The Applicant must provide the following Resident Programs:

1. Literacy Training – 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. 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. 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 (2) 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.

3. Homeownership Opportunity Program – Applicant commits to provide a financial incentive which includes the following provisions:

   - The incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Applicant, Developer, or other related party has an interest;
   - the incentive must be not less than 5 percent of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the incentive for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);
   - the benefit must be in the form of a gift or grant and may not be a loan of any nature;
   - the benefits of the incentive must accrue from the beginning of occupancy;
   - the vesting period can be no longer than 2 years of continuous residency; and

- no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.

DEVELOPMENT NAME: **Citadelle Village**
DATE: **July 10, 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 REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
1. The development's final "as submitted for permitting" plans and specifications. 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").	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.	4.
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.	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. 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.	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.	8-9.
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.	10.
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.	11-19.
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.	20.
25. Receipt of Tenant Eligibility and Selection Plan	Unsatis.	21.
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. Closing is conditioned upon acceptable permits or a permit ready letter.

3. Closing is conditioned upon a final Document and Cost Review.

4. Closing is conditioned upon a Rule Waiver of the 31% Rule, if applicable.

5. Closing is conditioned upon a dated, executed Management Agreement.

6. Closing is conditioned upon receipt of a firm commitment from Citi (construction and permanent financing) 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 and Restated Operating Agreement.

8. Closing is conditioned upon final loan documents for the fifth, sixth, and seventh mortgages with terms that are not substantially different than those utilized in this credit underwriting report.

9. Closing is conditioned upon verification of the terms of the HOME loan.

10. Closing is conditioned upon receipt of a final draw schedule is a condition to close.

11. Closing is conditioned upon Florida Housing's approval of a MOU.

12. Closing is conditioned upon Florida Housing's Board approval of the increase to the TDC Limits.

13. Closing is conditioned upon a satisfactory executed First Amendment to Lease (Ground Lease).

14. Closing is conditioned upon a satisfactory executed Lease Agreement for the office space.

15. Closing is conditioned upon receipt of a rental assistance contract, with rents utilized in this credit underwriting report.

16. Closing is conditioned upon receipt of satisfactory financials from Little Haiti Housing Association, Inc., along with satisfactory bank references and Statement of Financial Affairs/Credit Affairs.

17. Receipt of Operating Agreements for HACDC Citadelle Village, LLC.

18. Closing is conditioned upon satisfactory resolution of the FCLF Loan, which is currently in default.

19. Closing is conditioned upon receipt of a letter from the structural engineer indicating the plans have been made in accordance with the soils report.

20. Closing is conditioned upon 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.

21. Closing is conditioned upon Florida Housing's approval of a TSP.

**FLORIDA HOUSING FINANCE CORPORATION
AUTHORIZATION RESOLUTION
CITADELLE VILLAGE**

RESOLUTION NO. __

A RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2023 SERIES __ [SERIES TO BE DESIGNATED] (CITADELLE VILLAGE) OF THE FLORIDA HOUSING FINANCE CORPORATION ("FLORIDA HOUSING"); APPROVING THE PREPARATION, ISSUANCE, EXECUTION AND DELIVERY OF A TRUST INDENTURE BETWEEN FLORIDA HOUSING, CITIBANK, N.A., OR AN AFFILIATE THEREOF, AND A CORPORATE TRUSTEE, AND A 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 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 CITADELLE VILLAGE 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 Economic Opportunity 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, 2023 Series __ [series to be designated] (Citadelle Village) (the "Notes"), for the purpose of making a loan to Citadelle Village, LLC, together with its predecessors, successors, assigns, affiliates and/or related entities (the "Borrower"), to finance the acquisition and construction of an approximately 96-unit multifamily residential rental development for persons of low, moderate, and middle income named Citadelle Village located in Miami, Miami-Dade County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $23,250,000 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 trust indenture and the 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) $23,250,000 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 trust indenture between Florida Housing, Citibank, N.A., or an affiliate thereof (the "Bank"), and a corporate trustee, setting forth the terms and conditions of the Notes (the "Trust Indenture"), 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 trust indenture 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 trust indenture 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 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 trust indenture, 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 trust indenture, 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 trust indenture 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
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 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official record 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 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
CITADELLE VILLAGE

RESOLUTION NO. ____

A RESOLUTION AUTHORIZING AND APPROVING THE LIMITED OFFERING OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2023 SERIES __ [SERIES TO BE DESIGNATED] (CITADELLE VILLAGE) 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 LIMITED OFFERING OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2023 SERIES __ [SERIES TO BE DESIGNATED] (CITADELLE VILLAGE) 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, 2023 SERIES __ [SERIES TO BE DESIGNATED] (CITADELLE VILLAGE) 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 Economic Opportunity 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, 2023

Series __ [series to be designated] (Citadelle Village) (the "Notes"), as tax-exempt or taxable Notes, for the purpose of making funds available to finance the acquisition and construction of an approximately 96-unit multifamily residential rental development for persons of low, moderate, and middle income named Citadelle Village located in Miami, Miami-Dade County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $23,250,000 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 limited offering; and

WHEREAS, based on the foregoing, the Board hereby finds that a limited offering 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 limited offering.

NOW, THEREFORE, BE IT RESOLVED BY FLORIDA HOUSING:

1. A limited offering of the Notes is in the best interest of Florida Housing and the public for the reasons herein described.

2. The limited offering 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,
2023 Series __ [series to be designated]
(Citadelle Village).

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 limited offering of the Notes and to execute a Note

purchase agreement, or trust indenture, 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 trust indenture, as applicable, is predicated upon the Note purchase agreement or trust indenture, 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 limited offering 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
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 21st day of July, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official record 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 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:________________

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

July 6, 2023

VIA EMAIL

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: Cutler Vista (MMRB 2006 Series A / SAIL 1989S-090 / 4% HC 2006-504C) - Transfer of Ownership / First Mortgage Refinancing / Assumption and Subordination of the, MMRB and SAIL LURAs and ELIHA

Dear Mr. Kennedy:

On your behalf, Seltzer Management Group, Inc. (“SMG”, “Seltzer” or “Servicer”) has reviewed a request, dated May 10, 2023, from Cutler Vista Preservation, L.P. ("Borrower" or “CVP”) and a representative of an affiliate of the proposed purchaser, Cutler Vista Housing, L.P. (“Purchaser” or “CVH”) requesting Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) to consent to the following:

1. The transfer of ownership of Cutler Vista Apartments (“Subject Development”) from CVP to CVH.
2. The assumption of the Multifamily Mortgage Revenue Bonds ("MMRB”) and State Apartment Incentive Loan (“SAIL”) Land Use Restriction Agreements (“LURA”) and Extended Low Income Housing Agreement (“ELIHA”).
3. The Purchaser intends to refinance the existing first mortgage with a new first mortgage which may also require subordination of the MMRB and SAIL LURAs and ELIHA by the new first mortgage. The MMRB will be redeemed and the SAIL loan will be paid off simultaneously with the closing of the first mortgage refinance.
4. Specifically, SMG has been requested to determine that CVH has the prerequisite financial strength and experience to successfully own and operate the Subject Development.
5. Approval of the Purchaser's selection of a new management company.

For the purposes of this analysis, SMG has reviewed the following:

1. MMRB and SAIL Credit Underwriting Report (“CUR”), dated November 22, 2005, prepared by First Housing Development Corporation of Florida (“FHDC”)
2. Housing Finance Authority of Miami-Dade County Final CUR dated June 22, 2023
3. SAIL LURA dated January 16, 1990, First Amendment to LURA dated March 23, 1992, Second Amendment to LURA dated November 30, 2005, Third Amendment to LURA dated March 28, 2006,

First Global Amendment to LURA dated March 28, 2006, Subordination Agreement dated March 28, 2006 and Assignment and Assumption dated March 28, 2006

4. MMRB LURA dated March 28, 2006
5. ELIHA dated March 7, 2007
6. Audited Financial Statements for the Related Companies, L.P. (“Related”), for years ended December 31, 2022 and 2021, respectively
7. FHFC Occupancy Reports
8. Annual Management Review and Physical Inspection (“Management Review”), dated June 2, 2022, performed by FHDC
9. FHFC Past Due Report dated May 25, 2023
10. FHFC Noncompliance Report dated May 24, 2023
11. Proposed Organizational Chart reflecting new ownership entities and their principal owners
12. For Purchaser:
    - State of Florida Registration
13. For New Property Manager, TRG Management Company LLP (“TRG”)
    - Resume
    - Florida Registration and Certificate of Good Standing
    - Draft Management Agreements
14. For Related:
    - Audited Financial Statement for the year ending December 31, 2022
    - Resume
15. Purchase and Sale Agreement (“PSA”) dated January 12, 2023

In addition, SMG has had various conversations with FHFC Staff and representatives of the new ownership entities regarding the requests described above.

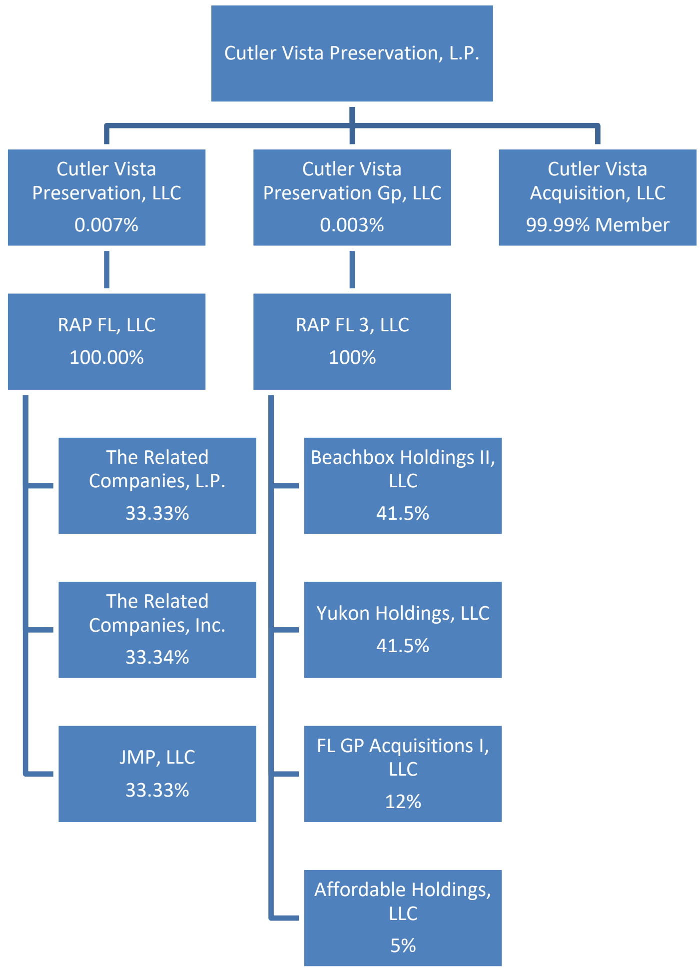
Our findings are as follows:

<u>Background</u>

The Subject Development is an elderly development located at 10469 SW 216th Street in Miami, Miami-Dade County, Florida 33190, consisting of 216 multifamily rental apartment units located in 13 garden style residential buildings and a clubhouse building.

Mr. Tim Kennedy
Cutler Vista
July 6, 2023
Page 3

Current Owner Organization Structure



The current owner is CVP a Delaware Limited Partnership registered with the State of Florida on December 10, 2004.

The Subject Development originally received a SAIL loan in the amount of $2,500,000, which closed on January 16, 1990. The SAIL has a maturity date of October 1, 2042.

The Subject Development then received a first mortgage FHFC MMRB loan in March 2006. The MMRB were Tax Exempt Multifamily Mortgage Revenue Bonds 2005 Series A. Proceeds from the sale of the MMRB funded a first mortgage note in the amount of $7,120,000. Other funding sources included 4% Housing Credit equity, and deferred developer fees.

Operation of the Subject Development is restricted by terms and conditions detailed in various loan documents. The MMRB LURA and ELIHA requires that 70% of the units (152 units) be set-aside for tenants earning 60% or less of the Area Medium Income ("AMI") for a period of 30 years. The SAIL LURA requires that 20% of the units (44 units) be set-aside for tenants earning 50% or less of the AMI and 5% of the (11 units) be set set-aside for tenants earning 60% or less of the

AMI for a period of 50 years.

As of April 30, 2023, the Subject Development reported occupancy at a rate of 99.54%. Average occupancy for 2023 has exceeded 99%.

The Management Review was conducted on June 2, 2022. The Closeout Letter was issued August 5, 2022.

The FHFC Noncompliance Report lists two items in noncompliance for the development team. Per an email from FHDC dated June 16, 2022, one item has been cleared and the other is still open.

The FHFC Past Due Report lists five items as past due for the development team:

- Conway Lakes Apts. fka Riverwalk III - Property evidence does not indicate Terrorism Coverage. Named Storm limit is indicated as $600,000,000. Have requested a PML Study, current Flood Determinations, and full Statement of Values. As of 06/14/23 this has not been cured.
- Cutler Vista - Property evidence does not indicate Terrorism Coverage. Named Storm limit is indicated as $600,000,000. Have requested a PML Study, current Flood Determinations, and full Statement of Values. As of 06/14/23 this has not been cured.
- Royal Coast Apartments - Property evidence does not indicate Terrorism Coverage. Named Storm limit is indicated as $600,000,000. Have requested a PML Study, current Flood Determinations, and full Statement of Values. As of 06/14/23 this has not been cured.
- Walden Pond Villas - Property evidence does not indicate Terrorism Coverage. Named Storm limit is indicated as $600,000,000. Have requested a PML Study, current Flood Determinations, and full Statement of Values. As of 06/14/23 this has not been cured.
- Winchester Gardens - Property evidence does not indicate Terrorism Coverage. Named Storm limit is indicated as $600,000,000. Have requested a PML Study, current Flood Determinations, and full Statement of Values. As of 06/14/23 this has not been cured.

<u>Ownership Transfer</u>

The PSA is between CVP, as Seller, and CVH, as Buyer, for a purchase price of $32,500,000, per the PSA. The closing date shall occur on or before December 29, 2023.

The members of CVH include the general partner Cutler Vista Housing GP, LLC (“CVGP”) (0.005% ownership), Class B limited partner Cutler Vista Housing Class B, LLC (“CV B”) (0.005% ownership) and the limited partner RA Initial Partner, LLC to be replaced by Wells Fargo Community Lending and Investment and/or its affiliates (“Wells Fargo”) (99.99% ownership). The members of CVGP are Yukon California, LLC (64.8% owner), JMPFT Affordable, LLC (20%), Affordable Holdings, LLC (9.60%), and Full Line, LLC (5.60%). All of the entities mentioned above are affiliated with Related Companies, L.P. (“Related”).

CVH, through Related and its affiliates, have extensive experience in the affordable housing sector. A corporate resume states Related was founded in 1972 and is currently one of the largest owners of affordable multifamily apartment complexes in the country. Through its various affiliates, Related oversees more than 1,100 properties across the country. Related is fully integrated across its three divisions: development, management and financial services. Related Affordable, LLC (“RA”) is a wholly-owned subsidiary of Related, which was formed with the express purpose of growing Related’s affordable housing development business by acquiring, recapitalizing and preserving existing low- and moderate-income properties across the country. RA has purchased over 90 affordable housing properties consisting of more than 14,000 units, with a total development value in excess of $1.3 billion. RA oversees a portfolio of approximately 250 properties, consisting of over 38,000 units.

A review of the Related balance sheet evidences sufficient liquidity and financial strength to own and operate the Subject Development.

Management Company

The proposed management company, TRG, is an affiliate of the The Related Companies, L.P., and was formed in 1984 for the primary purpose of managing various forms of multifamily housing. It registered with the State of Florida on August 1, 2013. TRG has managed more than 70,000 residential units and currently employs over 250 real estate management professionals that manage more than 80 properties. Approval of the selection of the management company by Florida Housing's Asset Management department is a closing condition.

Summary and Recommendation

Seltzer's review indicates that CVH, through its principal owner and affiliated entities, has the prerequisite financial strength and experience to successfully own and operate the Subject Development.

Therefore, SMG recommends that FHFC consent to and approve the transfer of ownership of the Subject Development to CVH, assumption of the MMRB and SAIL LURAs and ELIHA, refinancing of the existing first mortgage loan, subordination of the MMRB and SAIL LURAs and ELIHA (as applicable) to the new first mortgage loan and modification of any other loan documents that are required to effectuate the transaction, subject to the following:

- CVH, CVGP, CV B, Wells Fargo and Related, and their entities and principals (if applicable), as well as the withdrawing entities to execute any assignment and assumption documents and any other documents that FHFC and its Legal Counsel deems necessary to effectuate the ownership change
- Review and approval of all Loan Documents consistent with the terms outlined above by FHFC, its Legal Counsel, and Servicer
- Receipt of a non-refundable MMRB transfer and assumption fee of $2,500 on the closing date
- Receipt of a non-refundable SAIL LURA, MMRB LURA and ELIHA subordination fee of $1,000 each, if applicable
- Transfer of existing tax, insurance, replacement reserve and debt service reserve escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing, if applicable
- Payment of any outstanding arrearages to FHFC, its Legal Counsel, Servicer or any Agent or Assignee of Florida Housing for Past Due issues applicable to the Development Team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025(5) and 67-48.0075(5) F.A.C., of a Borrower or a Developer)
- Consent of the current limited partner, if applicable
- Consent of the subordinate lenders, if applicable
- Prepayment of any compliance monitoring fees and servicing fees, if applicable

- Prepayment of any future SAIL compliance monitoring fees
- Payoff of the SAIL loan principal and interest balance at closing
- Approval of the selection of the management company, TRG by Florida Housing's Asset Management department, prior to closing
- Satisfactory resolution of any outstanding past due and/or noncompliance items
- FHFC requires the Owner to waive the right to a Qualified Contract under the ELIHA, such waiver to be in form and substance acceptable to FHFC, and
- All other due diligence required by FHFC, its Legal Counsel and Servicer

I hope this correspondence has been helpful and please do not hesitate to contact me if I can be of further assistance.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

Justin Coles

Justin Coles
Credit Underwriter

Florida Housing Finance Corporation

Credit Underwriting Report

Pinnacle 441, Phase 2

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 / 2023-119SN / 2022-525C

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

July 7, 2023

PINNACLE 441, PHASE 2

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”) fund a State Apartment Incentive Loan (“SAIL”) Second Mortgage of $4,000,000, an Extremely Low Income (“ELI”) Third Mortgage of $750,000, and a National Housing Trust Fund (“NHTF”) Fourth Mortgage of $1,850,000. SMG also recommends an annual Housing Credit (“HC”) allocation of $1,976,722 to Pinnacle 441, Phase 2 (“Development”) for construction and permanent financing.

DEVELOPMENT & SET-ASIDES

Development Name: Pinnacle 441, Phase 2

RFA/Program Numbers: RFA 2022-205 / 2023-119SN 2022-525C

Address: 6028 Johnson Street

City: Hollywood Zip Code: 33024 County: Broward County Size: Large

Development Category: New Construction Development Type: High Rise

Construction Type: Masonry

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

Unit Composition:
\# of ELI Units: 10 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 0
\# of Link Units: 5 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	756	22%			$374	$68	$306		$306	$306	$306	$18,360
1	1.0	3	756	30%			$510	$68	$442		$442	$442	$442	$15,912
1	1.0	22	756	60%			$1,020	$68	$952		$952	$952	$952	$251,328
2	2.0	5	960	30%			$612	$81	$531		$531	$531	$531	$31,860
2	2.0	42	960	60%			$1,225	$81	$1,144		$1,144	$1,144	$1,144	$576,576
2	2.5	1	1,184	60%			$1,225	$81	$1,144		$1,144	$1,144	$1,144	$13,728
3	2.0	2	1,231	30%			$707	$105	$602		$602	$602	$602	$14,448
3	2.0	20	1,231	60%			$1,415	$105	$1,310		$1,310	$1,310	$1,310	$314,400
		100	96,066											$1,236,612

Per the RFA, Applicant must commit to set-aside 10% of the total units (10 units) at or below 30% of the area median income (“AMI”) 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 (5 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 (Broward County). The executed MOU was approved by FHFC on May 22, 2023.

After 15 years, all of the ELI set-aside units (10 units) may convert to serve residents at or below 60% AMI. The Persons with Special Needs set-aside requirements must be maintained throughout the entire 50 year Compliance Period.

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 will have a total of 10 units targeted for Link Units for Persons with Special Needs (ELI – 5 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.

The Tenant Selection Plan was approved by FHFC on January 6, 2022.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 110 Accessible Spaces - 3

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRB-HFABC	40.0%	40	60%	30
SAIL/ELI/HC	10.0%	10	30%	50
SAIL/HC	90.0%	90	60%	50
NHTF Assisted Units	5.0%	5	22%	50

Absorption Rate 25 units per month for 4.0 months.

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

DDA: Yes QCT: No Multi-Phase Boost: No QAP Boost: No
Site Acreage: 1.667 Density: 59.9880 Flood Zone Designation: AH
Zoning: C-JS, Central Johnson Street Mixed Use District Flood Insurance Required?: Yes

DEVELOPMENT TEAM

		% Ownership
Applicant/Borrower:	Pinnacle 441 Phase 2, LLC	
General Partner	PC 441 Phase 2, LLC	0.01%
Limited Partner	Bank of America, N.A. and, or, its affiliates ("BofA")	99.99%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Pinnacle 441 Phase 2, LLC	
CC Guarantor 2:	PC 441 Phase 2, LLC	
CC Guarantor 3:	Pinnacle Communities, LLC	
CC Guarantor 4:	Louis Wolfson III	
CC Guarantor 5:	David O. Deutch	
CC Guarantor 6:	The Estate of Mitchell M. Friedman	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Pinnacle 441 Phase 2, LLC	
OD Guarantor 2:	PC 441 Phase 2, LLC	
OD Guarantor 3:	Pinnacle Communities, LLC	
OD Guarantor 4:	Louis Wolfson III	
OD Guarantor 5:	David O. Deutch	
OD Guarantor 6:	The Estate of Mitchell M. Friedman	
Developer:	Pinnacle Communities, LLC	
Principal 1	Louis Wolfson III	
Principal 2	David O. Deutch	
Principal 3	The Estate of Mitchell M. Friedman	
General Contractor 1:	PC Building, LLC	
Management Company:	Professional Management, Inc.	
Syndicator:	BofA	
Bond Issuer:	Housing Finance Authority of Broward County	
Architect:	Joseph B. Kaller & Associates, P.A.	
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	1st Mortgage	2nd Mortgage	3rd Mortgage	4th Mortgage	5th Mortgage	6th Mortgage
Lender/Grantor	Citibank, N.A.	FHFC - SAIL	FHFC - ELI	FHFC-NHTF	Broward County	City of Hollywood
Amount	$4,500,000	$4,000,000	$750,000	$1,850,000	$10,000,000	$1,000,000
Underwritten Interest Rate	5.77%	1.00%	0.00%	0.00%	0.00%	0.00%
Loan Term	15.0	15.0	15.0	30.0	30.0	32.0
Amortization	40.0	N/A	N/A	N/A	N/A	N/A
Market Rate/Market Financing LTV	13.0%	24.6%	26.7%	32.1%	61.0%	63.9%
Restricted Market Financing LTV	54.2%	102.3%	111.3%	133.6%	253.9%	265.9%
Loan to Cost - Cumulative	9.4%	17.7%	19.3%	23.2%	44.0%	46.1%
Loan to Cost - SAIL Only		8.4%				
Debt Service Coverage	1.380	1.180	1.167	1.149	1.149	1.149
Operating Deficit & Debt Service Reserves	$281,291					
# of Months covered by the Reserves	4.1					

Deferred Developer Fee	$4,172,637
As-Is Land Value	$3,500,000
Market Rent/Market Financing Stabilized Value	$34,600,000
Rent Restricted Market Financing Stabilized Value	$8,310,000
Projected Net Operating Income (NOI) - Year 1	$414,485
Projected Net Operating Income (NOI) - 15 Year	$412,693
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Short Term, Cash Backed, Tax Exempt Bonds
Housing Credit (HC) Syndication Price	$0.9775
HC Annual Allocation - Qualified in CUR	$1,976,722
HC Annual Allocation - Equity Letter of Interest	$1,974,000

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
Local HFA Bonds	HFABC/BofA	$22,000,000	$0	$0.00
Regulated Mortgage	Citibank, N.A.	$0	$4,500,000	$45,000.00
FHFC - SAIL	FHFC	$4,000,000	$4,000,000	$40,000.00
FHFC - SAIL ELI	FHFC	$750,000	$750,000	$7,500.00
FHFC - NHTF	FHFC	$1,850,000	$1,850,000	$18,500.00
Local Government	Broward County	$8,000,000	$10,000,000	$100,000.00
Local Government	City of Hollywood	$1,000,000	$1,000,000	$10,000.00
HC Equity	BofA	$2,894,089	$19,293,920	$192,939.20
Deferred Developer Fee	Developer	$5,072,468	$4,172,637	$41,726.37
Local HFA Bonds	Broward HFA - GIC Earnings	$2,337,500	$2,337,500	$23,375.00
TOTAL		$47,904,057	$47,904,057	$479,040.57

Financing Structure:

The Applicant submitted a Multifamily Housing Bond Program Application to the Housing Finance Authority of Broward County ("HFABC") for $22,000,000 of Multifamily Mortgage Revenue Bond ("MMRB") allocation. The initial bonds will be short term, cash backed, tax-exempt bonds and will be marketed by RBC Securities and Raymond James 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 taxable construction loan from Bank of America, N.A. ("BofA"). As MMRB proceeds are drawn to pay for development costs, a like amount will be drawn from the construction loan and deposited with the Trustee in a collateral account ensuring that at all times the MMRB outstanding will be fully cash collateralized. The short-term bonds will have maturity date that will coincide with the expiration of the Forward Commitment (as defined below).

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 sufficient to pay the debt service on the short-term bonds until their mandatory tender date.

Additionally, Citibank, N.A. ("Citi") will deliver a forward commitment to the Applicant ("Forward Commitment") for a permanent tax-exempt loan ("TEL") in the estimated amount of $4,500,000, which will become effective upon the Development meeting all conditions to convert to the permanent financing phase as set forth in the Forward Commitment. Upon conversion to the permanent phase, the BofA loan will be repaid from proceeds of the Citi TEL and tax credit equity proceeds, and the MMRB will be tendered back to the Trustee in exchange for the cash collateral held by the Trustee.

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:
   - Per the April 10, 2023 Invitation to Enter Credit Underwriting the Applicant was awarded additional funding in the amount of $1,850,000 in the form of a National Housing Trust Fund ("NHTF") loan.
   - According to the Application, Broward County approved gap financing in an amount not to exceed $10,000,000. However, per a subsequent email on March 28, 2023 by Broward County, up to 80% of the County Loan funds may be disbursed during construction for eligible development costs.

The remaining 20% will be released after receipt of final funding sources, Final Cost Certification and satisfaction of all Waiver Requests/Special Conditions identified herein. To the extent that the funding gap is less than underwritten (increased sources, reduced costs, excess reserves, etc.), the last 20% may be subject to reduction. Therefore, Seltzer is only reflecting 80% (or $8,000,000) as a source during construction.

- According to a June 1, 2023 Commitment Letter from the City of Hollywood Florida ("the City"), the City has awarded and will loan $1,000,000 to the Development.
- Guaranteed Investment Contract ("GIC") earnings on the bonds in the amount of $2,337,500 was added as a construction source of funds.

2. Total Development Costs ("TDC") as stated in the application were $40,277,599. TDC have increased to $47,904,057, an increase of $7,626,458 or 18.93%. This increase is primarily due to increases in construction, general development and financing costs and the addition of an operating deficit reserve.
3. Developer made a request to FHFC on June 30, 2023, and was approved by FHFC on July 6, 2023, to change the unit mix by converting one of the two bedroom/two bath units to a two bedroom/2.5 bath unit. The reason for the request is that one of the two bedroom units will be a ground floor live work space, whereby the occupant will also be able to operate a store-front business in a commercial bay adjoining the residential portion of their unit. The additional half bath will serve the commercial function. The set-aside distributions are unchanged and the two bedroom/2.5 bath unit will be a 60% AMI unit.

These changes have no substantial material impact to the 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 May 25, 2023 reflects the following past due item(s): None

Florida Housing's Asset Management Noncompliance Report dated May 24, 2023 reflects the following noncompliance items: 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. Per the Market Study, Meridian 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 99.2%.
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.

<u>Other Considerations</u>: None

Waiver Requests/Special Conditions:

1. The Applicant submitted a Rule waiver request to FHFC dated June 8, 2023 to increase the hard cost contingency amount from 5.00%, as permitted by the RFA and Rule Chapters 67-48 and 67-21, F.A.C., to 7.00%. The Applicant estimated a hard cost contingency of 7.00%. This contingency percentage is supported by the Plan and Cost Analysis ("PCA") completed by GLE Associates, Inc. ("GLE"), however, the percentage is in excess of the Rule and RFA requirements. Per the RFA and Rules, the maximum hard cost contingency is 5%. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff the authority to approve contingency reserve increases upon recommendations by the credit underwriter. Seltzer recommends that FHFC approve the contingency of 7.00%, which was approved by FHFC staff on June 21, 2023.

Additional Information:

1. The survey states the subject property consists of 1.667 acres. The Developer notes that the total gross acreage is 1.922 and includes out to the centerline of adjoining rights of way. The City of Hollywood uses the 1.922 acres for measuring density and other requirements under the code, but only 1.667 acres is owned by the Applicant.
2. Developer will provide a Letter-of-Credit ("LOC") in the amount of 15% of the construction contract amount in lieu of a 100% Payment and Performance ("P&P") Bond and has been made a condition to closing (see details below).

Issues and Concerns:

1. The first mortgage construction lender, BofA, has agreed to a 10% Letter-of-Credit ("LOC") for this transaction in lieu of a 100% Payment and Performance ("P&P") Bond. Typically, when FHFC is involved as a lender, they will allow a minimum of 25% LOC, listing Florida Housing as co-obligee, when the Developer or General Contractor are unable to obtain a 100% P&P Bond. FHFC is a lender in this transaction. The Developer wishes to provide a LOC in the amount of 15% of the construction contract amount in lieu of a 100% P&P Bond. Seltzer recommends a 100% P&P Bond, if available, or a minimum of a 25% LOC, listing Florida Housing as co-obligee, if the P&P Bond is not available. As an exception for this transaction, Seltzer has proposed that FHFC may accept the 15% LOC, listing Florida Housing as co-obligee (or as otherwise approved by FHFC Legal Counsel), with the requirement that the Developer must defer 100% of the Developer Fee (except for any required payments to non-affiliate consultants due at closing) until achieving stabilized occupancy, as defined by the permanent period First Mortgage Lender. In addition, Seltzer and/or FHFC Legal Counsel to review the terms of the LOC to ensure the LOC stipulates that, if drawn/called, the funds will go to completing construction before anything else. It is a condition of the LOC that it is deemed to be automatically extended without amendment for one (1) year from the expiration date, or any future expiration date, unless at least thirty (30) days prior to any expiration date that FHFC notify the issuer of the LOC in writing by overnight courier delivery, to the address reflected within the LOC, that FHFC elects not to consider this LOC extended for an additional one (1) year period.

Mitigating Factors:

1. Developer must defer 100% of the Developer Fee (except for any required payments to non-affiliate consultants due at closing) until achieving stabilized occupancy, as defined by the permanent period First Mortgage Lender.

Seltzer and/or FHFC legal counsel to review the terms of the LOC to ensure the LOC stipulates that, if drawn/called, the funds will go to completing construction before anything else.

Developer and General Contractor are a related party.

Lenders have personal guarantees from the principals.

Experienced Developer, General Contractor, Management Company and Principals

Recommendation:

SMG recommends a SAIL Second Mortgage of $4,000,000, an ELI Third Mortgage in the amount of $750,000, and a NHTF Fourth Mortgage of $1,850,000. SMG also recommends an Annual HC allocation of $1,976,722 be awarded to Pinnacle 441, Phase 2 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:
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	HFABC/BofA	$22,000,000	$22,000,000	$22,000,000	8.80%	$3,728,458
Second Mortgage	FHFC - SAIL	$4,000,000	$4,000,000	$4,000,000	0.00%	$0
Third Mortgage	FHFC - ELI	$750,000	$750,000	$750,000	0.00%	$0
Fourth Mortgage	FHFC-NHTF	$0	$1,850,000	$1,850,000	0.00%	$0
Fifth Mortgage	Broward County	$10,000,000	$8,000,000	$8,000,000	0.00%	$0
Sixth/Bridge	City of Hollywood		$1,000,000	$1,000,000	0.00%	$0
HC Equity	BofA	$2,484,954	$2,894,088	$2,894,089		
Deferred Developer Fee	Developer	$11,042,645	$3,941,853	$5,072,468		
GIC Earnings	Broward County Bonds	$0	$2,337,500	$2,337,500		
Total		**$50,277,599**	**$46,773,441**	**$47,904,057**		**$3,728,458**

Tax Exempt Construction Loan:

Applicant applied for and was approved $22,000,000 in Tax-Exempt Bonds to be issued by the HFABC for the acquisition and construction of Pinnacle 441, Phase 2.

Applicant provided a term sheet from BofA dated April 12, 2023, for the purchase of $22,000,000 of Tax-Exempt Bonds, 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. The interest rate will be a floating rate based upon the Bloomberg Short Term Bank Yield Index ("BSBY") Daily Floating Rate plus a margin of 2.35%. As of June 5, 2023, the daily BSBY was 5.4463%. For any future increases in the BSBY Daily Floating Rate, Seltzer has included an underwriting cushion of 100 basis points, resulting in an all in interest rate of 8.80%. The construction debt service calculation above reflects the MMRB funded at an average of 57% during the construction phase plus 100% during lease-up, for a total of 30 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 one six-month extension option.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a SAIL in the amount of $4,000,000, an ELI loan in the amount of $750,000, a NHTF loan in the amount of $1,850,000, Broward County loan in the amount of $8,000,000, the City loan in the amount of $1,000,000, Housing Credit equity of $2,894,089, deferred Developer Fee in the amount of $5,072,468 and GIC Earnings of $2,337,500. See the Permanent Financing section below for details.

Construction/Stabilization Period:

An April 27, 2023, 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, reflects PC Building, LLC ("PC Building") as contractor. The Agreement calls for a date of commencement five days after the latest to occur: all required permits and approvals from all applicable government agencies or commence construction, date a written notice to proceed is issued by the Owner to the Contractor, or Owner records the Notice of Commencement. Substantial completion will be no later than 480 calendar days (or approximately 16 months) from the date of commencement. In Meridian's rental market analysis, the absorption performance of comparable/competitive apartment rentals was analyzed and indicated a range of 12 to 123 units per month. Based on this data, Meridian determined an absorption rate of 25 units per month and estimates the Development will achieve stabilized occupancy within four months after receiving its certificate of occupancy. To be conservative, SMG has utilized a 30-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	Citibank, N.A.	$6,000,000	$4,500,000	$4,500,000	5.77%	40	15	$288,504
Second Mortgage	FHFC - SAIL	$4,000,000	$4,000,000	$4,000,000	1.00%	N/A	15	$40,000
Third Mortgage	FHFC - ELI	$750,000	$750,000	$750,000	0.00%	N/A	15	$0
Fourth Mortgage	FHFC-NHTF	$0	$1,850,000	$1,850,000	0.00%	N/A	30	$0
Fifth Mortgage	Broward County	$10,000,000	$10,000,000	$10,000,000	0.00%	N/A	30	$0
Sixth Mortgage	City of Hollywood	$0	$1,000,000	$1,000,000	0.00%	N/A	32	$0
HC Equity	BofA	$16,566,343	$19,293,920	$19,293,920				
Def. Developer Fee	Developer	$12,961,256	$3,042,021	$4,172,637				
GIC Earnings	Broward County Bonds	$0	$2,337,500	$2,337,500				
Total		**$50,277,599**	**$46,773,441**	**$47,904,057**				**$328,504**

Tax Exempt Permanent Loan:

Applicant provided a term sheet from Citi dated April 5, 2023 for permanent financing for Pinnacle 441, Phase 2. Upon the satisfaction of the conditions to conversion, as determined by Citi, Citi 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 $4,500,000.

Loan interest will be based on a fixed rate equal to the sum of the 18-year Secured Overnight Financing Rate ("SOFR") swap index plus a spread of 2.33%; subject to a floor of 0.75%. Per Citi, as of June 8, 2023, the 18-year SOFR swap index was 3.44%. Based on current rates SMG estimates the "all-in" interest rate at 5.77%. The term of the loan shall be 15 years (following a 36 month construction term) with monthly interest only payments for the first two years, then principal and interest payments due to fully amortize the loan over a 40 year schedule.

The annual HFABC Issuer Fee of 18 basis points (0.18%) and the annual Trustee Fee of $3,750 are included in the operating pro forma section of this report.

SAIL

Borrower applied to FHFC under RFA 2022-205 for SAIL funds in the amount of $4,000,000. SAIL will have a total term of 18 years, of which three years is for the construction/stabilization period and 15 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 and will bear 1.00% simple interest per annum. 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 Broward County is 30%. The Borrower committed to set aside 10% of the total units (10 units) at or below 30% of AMI for ELI. The ELI Loan is non-amortizing at 0.00% simple interest per annum. 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 have a total term of 18 years, of which three years is for the construction/stabilization period and 15 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 $1,850,000 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 shall be a non-amortizing loan at 0.00% simple interest 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 three years is for the construction/stabilization 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.

Broward County

Per a January 23, 2023 Gap Financing Funding Award Notification letter, Broward County will provide a loan in the amount of $10,000,000. This loan is made through the Broward County Affordable Housing Development Program. Terms include a 30 year affordability restriction, at an interest rate of 0.00%, maturity not to exceed 33 years, of which three years is for the construction/stabilization period, and payable upon expiration of the loan term, or upon sale, refinancing or transfer, whichever comes earlier. There will be no application fee or origination fee for the loan.

Based on the loan amount of $10,000,000, no more than 80%, as shown in the construction sources above, will be disbursed during construction. The additional 20% remaining will be disbursed once all buildings have been placed in service, final debt sizing and all funding sources have been paid, the County has received a final funding sources listing, a Final Cost Certification itemizing all expenses incurred in association with construction of the development and satisfaction of all FHFC Waiver Requests/Special Conditions. If total Project Costs are less than originally underwritten, the County Loan funds will be subject to reduction. Released reserves will be used to pay down FHFC debt, then County loan debt, subject to a Deferred Developer Fee not less than 35% of the total Developer Fee. The final County disbursement will be reduced to an amount that will result in a Deferred Developer Fee equal to or greater than 35% of the Developer Fee.

City of Hollywood:

The City issued a June 1, 2023 loan commitment confirming they will loan $1,000,000 to the Development. Terms include a non-recourse and non-amortizing loan with a term of 32 years and an interest rate of 0% throughout the term. The loan will close simultaneously with all other sources of debt and equity to financing the Development. In essence, there will be a two year construction period and a 30 year permanent period, for a total term of 32 years. The loan will be repaid in full at maturity, with a provision for forgiveness of the loan in its entirety, exercisable by the lender in its sole discretion at the end of the loan term. There is a loan commitment fee of 1% (or $10,000) to be paid at closing.

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 bond financing. A HC calculation is contained in Exhibit 4 of this credit underwriting report.

Based upon a May 2, 2023 Letter of Intent, BofA 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	$2,894,089	15.00%	At Closing of Operating Company, Closing initial construction financing, commitments of permanent financing with fixed interest for 15 years, Evidence of site control, Tax Opinion for Operating Company acceptable to Investor, Completion of Investor's due diligence.
2nd Installment	$1,929,392	10.00%	At 100% Construction Completion, Temp. C.O. been issued, no mechanics' liens on title, no earlier than 1/1/2025.
3rd Installment	$13,988,091	72.50%	3 months 1.15x DSC, Min. 93% occupancy, all tax credit units leased at least one time, Perm. Loans closed, C.O.s issued, All reserves funded, Draft Cost Certification, no earlier than 10/1/2025.
4th Installment	$482,348	2.50%	Form 8609, Final Cost Certification, Recorded EUA, Third-party compliance audit, Final adjusters and no earlier than 12/1/2025.
Total	$19,293,920	100.00%	

Annual Tax Credits per Syndication Agreement:	$1,974,000
Total HC Available to Syndicator (10 years):	$19,738,026
Syndication Percentage (investor member interest):	99.99%
Calculated HC Exchange Rate (per dollar):	$0.9775
Proceeds Available During Construction:	$2,894,089

Sufficient equity proceeds will be disbursed at closing to meet regulatory requirements. The first installment, in the amount of $2,894,089, 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.

GIC Earnings:

GIC Earnings on the bonds of $2,337,500 has been added as a source of funds for the Development. The amount was estimated by the Bond Underwriter, RBC, and is based on the bond amount of $22,000,000 with an estimated investment interest rate of 4.25% for 2.5 years. Offsetting bond interest estimated at 4% is included as a corresponding use of funds.

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 BofA LOI have been received, the Developer will have to defer $4,172,637 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				$0	
Demolition				$0	$0
Installation of Pre Fab Units				$0	
New Rental Units	$19,695,000	$18,486,499	$18,486,499	$184,865	$150,000
Site Work		$1,943,452	$1,943,452	$19,435	$291,518
Constr. Contr. Costs subject to GC Fee	$19,695,000	$20,429,951	$20,429,951	$204,300	$441,518
General Conditions	$2,757,299	$1,225,797	$1,225,797	$12,258	
Overhead		$1,225,797	$1,225,797	$12,258	
Profit		$408,599	$408,599	$4,086	
Builder's Risk Insurance				$0	
General Liability Insurance		$136,000	$136,000	$1,360	
Payment and Performance Bonds		$30,645	$30,645	$306	
Contract Costs not subject to GC Fee				$0	
Total Construction Contract/Costs	$22,452,299	$23,456,789	$23,456,789	$234,568	$441,518
Hard Cost Contingency	$1,122,615	$1,641,975	$1,641,975	$16,420	
Demolition paid outside Constr. Contr.	$313,750	$128,348	$128,348	$1,283	$128,348
FF&E paid outside Constr. Contr.	$370,000	$370,000	$370,000	$3,700	$120,000
Total Construction Costs:	**$24,258,664**	**$25,597,112**	**$25,597,112**	**$255,971**	**$689,866**

Notes to the Construction Costs:

1. The Applicant has provided a contractor 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 April 27, 2023 in the amount of $23,456,789. The contract provides for a date of commencement five days after the latest to occur: all required permits and approvals from all applicable government agencies or commence construction, date a written notice to proceed is issued by the Owner to the Contractor, or Owner records the Notice of Commencement. Substantial completion will be no later than 480 calendar days (or approximately 16 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, (2) the General Contractor has submitted a final accounting for the Cost of the Work and a final application for payment, and (3) 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 30 days after the Architect's final Certificate for Payment.

2. The $150,000 in HC Ineligible Costs for New Rental Units represents off-site roadway improvements.

3. The construction contract and PCA have been reviewed and the Schedule of Values contains the following allowances:

   - Signage ($30,951)
   - Building Access Control & CCTV ($100,000)

   GLE Associates, Inc. ("GLE") is of the opinion that the allowances are within an acceptable range for the scope of work indicated.

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 Chapters 67-21 and 67-48 ("Rules"), Florida Administrative Code.
5. General Contractor fees as stated are within the 14% maximum per the RFA and Rules.
6. General liability insurance and costs associated with the letter-of-credit, reflected above, are paid for by the Contractor inside the Contract.
7. "Payment and Performance Bonds" represents the estimated cost of the LOC.
8. The Hard Cost Contingency for this development has been limited to the Applicant's request of 7.00% of the total construction contract, which exceeds the 5% limit per Rule for new construction. However, the PCA provider recommends between a 6% to 8% contingency for a development of this scope and size and is deemed reasonable by Seltzer and recommends FHFC approve the contingency of 7.00%. A June 5, 2023 email from a representative of BofA (which is the construction lender and equity investor) states the 7.00% hard cost contingency is required by BofA. The hard cost contingency is not included in the construction contract amount.
9. Demolition costs include the removal of the existing mobile homes, septic tanks, interior roads, and final disconnects of power on the subject property.
10. FF&E outside the construction contract includes the cost of recreational/owner items, with $120,000 representing the purchase of washers and dryers for rental purposes and marked as a HC ineligible cost.
11. SMG engaged and received a Plan and Cost Analysis ("PCA") from GLE Associates, Inc. ("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	$75,000	$75,000	$75,000	$750	$37,500
Appraisal	$6,500	$6,500	$6,500	$65	
Architect's Fee - Site/Building Design	$460,000	$460,000	$460,000	$4,600	
Architect's Fee - Supervision	$60,000	$60,000	$60,000	$600	
Building Permits	$521,680	$569,702	$569,702	$5,697	
Builder's Risk Insurance	$224,523	$469,136	$469,136	$4,691	
Engineering Fees	$300,000	$360,000	$360,000	$3,600	
Environmental Report	$25,000	$25,000	$25,000	$250	
FHFC Administrative Fees	$156,960	$177,660	$177,906	$1,779	$177,906
FHFC Application Fee	$3,000	$3,000	$3,000	$30	$3,000
FHFC Credit Underwriting Fee	$19,909	$25,652	$25,652	$257	$25,652
FHFC Compliance Fee	$163,849	$225,000	$222,799	$2,228	$222,799
FHFC Other Processing Fee(s)		$25,000		$0	
Impact Fee	$258,600	$0	$0	$0	
Lender Inspection Fees / Const Admin	$48,900	$48,900	$48,900	$489	
Green Building Cert. (LEED, FGBC, NGBS)	$30,000	$30,000	$30,000	$300	
Insurance	$140,000	$200,000	$200,000	$2,000	
Legal Fees - Organizational Costs	$350,000	$400,000	$400,000	$4,000	$200,000
Local Subsidy Underwriting Fee				$0	
Market Study	$5,500	$5,500	$5,500	$55	$5,500
Marketing and Advertising	$100,000	$100,000	$100,000	$1,000	$100,000
Plan and Cost Review Analysis	$3,600	$3,600	$3,600	$36	
Property Taxes	$214,000	$270,000	$270,000	$2,700	$135,000
Soil Test	$15,000	$15,000	$15,000	$150	
Survey	$50,000	$40,000	$40,000	$400	$10,000
Tenant Relocation Costs		$259,137	$259,137	$2,591	
Title Insurance and Recording Fees	$150,000	$200,000	$200,000	$2,000	$50,000
Utility Connection Fees	$396,900	$396,900	$396,900	$3,969	
Soft Cost Contingency	$188,901	$208,119	$208,119	$2,081	
Other:				$0	
Total General Development Costs:	**$3,967,822**	**$4,658,806**	**$4,631,851**	**$46,319**	**$967,357**

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, Joseph B. Kaller & Associates, P.A. dated September 15, 2022.

2. Engineering Fees are based on the Agreement for Professional Services by and between the owner and Keith and Associates, Inc. dba KEITH dated May 5, 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.

4. Green Building Certification Fee is based on the National Green Building Standard Green Verifier agreement between Owner and Abney + Abney Green Solutions, dated March 20, 2023.

5. The City passed an ordinance to waive impact fees for affordable housing. The County waives all impact fees except for school fees. However, the County has issued its concurrency certificate and

stated a credit was applied to the school fees for the prior use as a trailer park, and therefore, no further fees are due.

6. Tenant Relocation Costs are the estimated costs associated with closing the trailer park and relocating the tenants from the existing mobile home park once acquired by the Applicant.
7. Utility Connection Fees are estimates provided by the Applicant.
8. Soft cost contingency is within the 5% as allowed per the RFA and Rules.
9. 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 Origination Fee	$136,000	$165,000	$165,000	$1,650	
Construction Loan Closing Costs		$81,151	$81,151	$812	
Construction Loan Interest	$2,174,172	$2,644,829	$3,728,458	$37,285	$2,257,717
Construction Loan Servicing Fees				$0	
Permanent Loan Application Fee		$25,000	$25,000	$250	$25,000
Permanent Loan Origination Fee	$643,660	$45,000	$45,000	$450	$45,000
Permanent Loan Closing Costs		$100,912	$100,912	$1,009	$100,912
Local HFA Application Bond Fee				$0	$0
Local HFA Bond Underwriting Fee		$16,489	$16,489	$165	$16,489
Local HFA Bond Trustee Fee		$24,500		$0	$0
Local HFA Bond Cost of Issuance		$169,538	$477,880	$4,779	$477,880
Local HFA Bond Closing Costs		$18,000	$18,000	$180	$18,000
Local HFA Bond Interest		$1,980,000	$2,200,000	$22,000	$1,026,667
Local HFA Legal - Issuer's Counsel		$81,000		$0	$0
Local HFA Legal - Lender's Counsel		$15,000		$0	$0
SAIL Commitment Fee		$40,000	$40,000	$400	$40,000
SAIL Closing Costs		$12,500	$12,500	$125	$12,500
SAIL-ELI Commitment Fee		$7,500	$7,500	$75	$7,500
SAIL-ELI Closing Costs		$6,500	$6,500	$65	$6,500
Misc Loan Origination Fee		$10,000	$10,000	$100	
NHTF Subsidy Layering Review		$1,951	$1,951	$20	$1,951
NHTF Closing Costs		$12,500	$12,500	$125	$12,500
NHTF Servicing Fee		$8,000	$8,000	$80	$8,000
Legal Fees - Financing Costs		$109,045	$109,045	$1,090	$109,045
Placement Agent/Underwriter Fee		$0	0	$0	0
Initial TEFRA Fee		$7,000	$7,000	$70	$7,000
Other: Financial Advisor		$39,000		$0	$0
Other: Issuer Fee		$294,900		$0	
Total Financial Costs:	**$2,953,832**	**$5,915,315**	**$7,072,886**	**$70,729**	**$4,172,661**
Dev. Costs before Acq., Dev. Fee & Reserves	**$31,180,318**	**$36,171,233**	**$37,301,849**	**$373,018**	**$5,829,883**

Notes to the Financial Costs:

1. Construction Origination Fee of $165,000 is 0.75% of the maximum BofA construction loan amount of $22,000,000.
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 8.80%, a construction/stabilization period of 30 months, and 57% of the loans outstanding (on average) during the construction schedule.
3. Permanent Loan Application fee of $25,000 is a non-refundable fee charged by Citi.
4. Permanent Loan Origination Fee is based on 1.00% of the permanent loan amount per Citi.

5. Local HFA Bond Cost of Issuance includes fees and expenses of the Issuer, Counsel, Trustee Fee, Servicer Fee, Legal, Conversion Fee and other fees.
6. Local HFA Bond Interest is based on the bond amount of $22,000,000, with an estimated interest rate of 4.00%, for 30 months. The amount of interest paid after construction completion (14 months) is considered HC ineligible costs.
7. SAIL Commitment Fee consists of a SAIL commitment fee equal to 1% of the SAIL amount.
8. SAIL-ELI Commitment Fee consists of an ELI commitment fee equal to 1% of the ELI Loan amount.
9. Miscellaneous Loan Origination Fee is a 1% fee charged by the City of Hollywood.
10. NHTF Servicing Fee represents the Environmental Review Fee for Section 3 required by the NHTF loan.
11. The SAIL, SAIL-ELI and NHTF closing costs are $12,500, $6,500 and $12,500, respectively, for FHFC legal counsel fees.

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-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	$5,562,281	$6,541,925	$6,541,925	$65,419	
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	
Other:				$0	
Other:				$0	
Other:				$0	
Total Other Development Costs:	$5,562,281	$6,541,925	$6,541,925	$65,419	$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 Rule.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land	$35,000	$35,000	$35,000	$350	$35,000
Land	$3,500,000	$3,500,000	$3,500,000	$35,000	$3,500,000
Land Carrying Costs		$243,992	$243,992	$2,440	$243,992
Total Acquisition Costs:	**$3,535,000**	**$3,778,992**	**$3,778,992**	**$37,790**	**$3,778,992**

Notes to the Land Acquisition Costs:

1. Applicant provided a fully executed Closing Statement dated October 6, 2022 between the "Seller"), TP Hollywood, LLC and the "Buyer", Pinnacle 441 Phase 2, LLC with a purchase price of $3,500,000 and a brokerage fee of $35,000. The "Lender" is Pinnacle Communities, LLC. Applicant also provided a Special Warranty Deed dated October 5, 2022 from TP Hollywood, LLC to Pinnacle 441 Phase 2, LLC, and recorded in Broward County on October 7, 2022.

The appraised value of the vacant land is $3,500,000, which supports the purchase price.

2. Land Carrying Costs represent interest paid on the land purchase loan between Pinnacle Communities, LLC and Pinnacle 441 Phase 2, LLC.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)		$281,291	$281,291	$2,813	$281,291
Total Reserve Accounts:	**$0**	**$281,291**	**$281,291**	**$2,813**	**$281,291**

Notes to Reserve Accounts:

1. Reserves – Operating Deficit is the Operating Deficit Reserve ("ODR") required by the Syndicator (BofA). 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, then County Loan debt. If there is no FHFC or County 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:	**$40,277,599**	**$46,773,441**	**$47,904,057**	**$479,041**	**$9,890,166**

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 High Rise – ESSC Construction, 8 stories, which had a maximum allowable per unit cost of $447,500. Based on changes to TDC limits as approved at the June 2018 Board meeting and March 2020 Board meeting, the maximum allowable per unit cost is $474,350. Pinnacle 441, Phase 2's final TDC per unit is $437,352.81.

Operating Pro Forma

	OPERATING PRO FORMA			ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income			$1,236,612	$12,366
	Rent Subsidy (ODR)			$0	$0
	Other Income:				
		Miscellaneous		$12,000	$120
		Washer/Dryer Rentals		$46,200	$462
	Gross Potential Income			$1,294,812	$12,948
	Less:				
		Economic Loss - Percentage:	0.0%	$0	$0
		Physical Vacancy Loss - Percentage:	4.0%	($51,792)	($518)
		Collection Loss - Percentage:	1.0%	($12,948)	($129)
Total Effective Gross Revenue				$1,230,071	$12,301
EXPENSES	Fixed:				
		Ground Lease		$0	$0
		Sub-Ground Lease		$0	$0
		Real Estate Taxes		$130,883	$1,309
		Insurance		$200,000	$2,000
	Variable:				
		Management Fee - Percentage:	5.3%	$65,704	$657
		General and Administrative		$40,000	$400
		Payroll Expenses		$150,000	$1,500
		Utilities		$97,500	$975
		Marketing and Advertising		$5,000	$50
		Maintenance and Repairs		$40,000	$400
		Grounds Maintenance and Landscaping		$20,000	$200
		Resident Programs		$0	$0
		Contract Services		$36,500	$365
	Reserve for Replacements			$30,000	$300
Total Expenses				$815,587	$8,156
Net Operating Income				$414,485	$4,145
Debt Service Payments					
DEBT SERVICE		First Mortgage - Citibank, N.A.		$288,504	$2,885
		Second Mortgage - FHFC - SAIL		$40,000	$400
		Third Mortgage - FHFC - ELI		$0	$0
		Fourth Mortgage - FHFC-NHTF		$0	$0
		Fifth Mortgage - Broward County		$0	$0
		All Other Mortgages -		$0	$0
		First Mortgage Fees - Citibank, N.A.		$11,850	$119
		Second Mortgage Fees - FHFC - SAIL		$11,023	$110
		Third Mortgage Fees - FHFC - ELI		$3,855	$39
		Fourth Mortgage Fees - FHFC-NHTF		$5,648	$56
		Fifth Mortgage Fees - Broward County		$0	$0
		All Other Mortgages Fees -		$0	$0
Total Debt Service Payments				$360,880	$3,609
Cash Flow After Debt Service				$53,605	$536

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.380
DSC - Second Mortgage plus Fees	1.180
DSC - Third Mortgage plus Fees	1.167
DSC - Fourth Mortgage plus Fees	1.149
DSC - Fifth Mortgage plus Fees	1.149
DSC - All Mortgages and Fees	1.149

Financial Ratios	
Operating Expense Ratio	66.3%
Break-Even Ratio	91.1%

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. Pinnacle 441, Phase 2 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 Applicant utilized the HUD Utility Allowance Chart for Broward County Housing Authority for High Rise (4 floors or more) dated January 1, 2023. The residents will pay for electricity and the Applicant will pay for water, sewer, pest control, and trash pick-up. There will be one Live/Work unit, but will be income qualified based on 60% AMI.

A rent roll for the Development is illustrated in the following table:

Fort Lauderdale HMFA / Broward 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	5	756	22%			$374	$68	$306		$306	$306	$306	$18,360
1	1.0	3	756	30%			$510	$68	$442		$442	$442	$442	$15,912
1	1.0	22	756	60%			$1,020	$68	$952		$952	$952	$952	$251,328
2	2.0	5	960	30%			$612	$81	$531		$531	$531	$531	$31,860
2	2.0	42	960	60%			$1,225	$81	$1,144		$1,144	$1,144	$1,144	$576,576
2	2.5	1	1,184	60%			$1,225	$81	$1,144		$1,144	$1,144	$1,144	$13,728
3	2.0	2	1,231	30%			$707	$105	$602		$602	$602	$602	$14,448
3	2.0	20	1,231	60%			$1,415	$105	$1,310		$1,310	$1,310	$1,310	$314,400
		100	96,066											$1,236,612

2. Miscellaneous income includes vending income, late charges, pet deposits, forfeited security deposits, and other miscellaneous fees estimated at $10 per unit per month.

3. The Development will offer full size washer/dryer appliances to rent to tenants. Seltzer concurs with Meridian's projection of a participation rate of 70% and a monthly premium of $55.

4. The appraiser estimates a stabilized physical vacancy rate of 4.0% and a collection loss of 1.0% for a physical occupancy of 96% and an economic occupancy of 95%.

5. Real estate tax expense is based on the Appraiser's estimate.

6. Insurance expense is based on the Appraiser's estimate.

7. Management Fees are based upon a Management Agreement executed on April 11, 2023 with a beginning date of January 1, 2025 and ending date of January 1, 2026. The management fee is the

greater of $3,500 per month or 5% of the monthly gross receipts. There is also a compliance administration fee of $3.50 per unit per month, which equates to a total management fee percentage of 5.3%.

8. Resident Program costs are covered under General and Administrative cost.
9. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
10. Contract Services includes expenses for pest control, elevator maintenance, and fire protection estimated by the Appraiser at $365 per unit.
11. Replacement Reserves in the amount of $300 per unit per year meet RFA and Rule requirements. For underwriting purposes, Seltzer has increased Replacement Reserves beginning in Year 11 by 3% annually.
12. A 15-year income and expense projection reflects increasing debt service coverage (“DSC”) through year 10. This projection is attached to this report as Exhibit 1.
13. Note that the Break-Even Ratio is above 90% due to higher than average operating expenses of $8,156 per unit per year. With rising insurance rates, Insurance Expense is estimated at $2,000 per unit.

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. Seltzer recommends a 100% P&P Bond, if available, or a minimum of a 25% LOC, listing Florida Housing as co-obligee, if the P&P Bond is not available. As an exception for this transaction, Seltzer has proposed that FHFC may accept the 15% LOC, listing Florida Housing as co-obligee (or as otherwise approved by FHFC Legal Counsel), with the requirement that the Developer must defer 100% of the Developer Fee (except for any required payments to non-affiliate consultants due at closing) until achieving stabilized occupancy, as defined by the permanent period first mortgage permanent lender. In addition, Seltzer and/or FHFC Legal Counsel to review the terms of the LOC to ensure the LOC stipulates that, if drawn/called, the funds will go to completing construction before anything else. It is a condition of the LOC that it is deemed to be automatically extended without amendment for one (1) year from the expiration date, or any future expiration date, unless at least thirty (30) days prior to any expiration date that FHFC notify the issuer of the LOC in writing by overnight courier delivery, to the address reflected within the LOC, that FHFC elects not to consider this LOC extended for an additional one (1) year period.

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. 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 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 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 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 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, 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 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, 420.5087 and 420.509, 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 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 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 and SAIL as determined by FHFC or its 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 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 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 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.
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 Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing'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 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 $30,000 (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 $300 per unit per year. 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. GLE Associates, Inc. ("GLE") or other construction inspector acceptable for Florida Housing is to act as Florida Housing's inspector during the construction period.

12. Under the 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 the RFA and Rule's minimum requirement.
13. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing 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, Florida Housing or its Legal Counsel.

Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of $1,976,722. 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
Pinnacle 441, Phase 2
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		$1,236,612	$1,261,344	$1,286,571	$1,312,303	$1,338,549	$1,365,320	$1,392,626	$1,420,478	$1,448,888	$1,477,866	$1,507,423	$1,537,572	$1,568,323	$1,599,689	$1,631,683
	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		$12,000	$12,240	$12,485	$12,734	$12,989	$13,249	$13,514	$13,784	$14,060	$14,341	$14,628	$14,920	$15,219	$15,523	$15,834
	Washer/Dryer Rentals		$46,200	$47,124	$48,066	$49,028	$50,008	$51,009	$52,029	$53,069	$54,131	$55,213	$56,318	$57,444	$58,593	$59,765	$60,960
	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		$1,294,812	$1,320,708	$1,347,122	$1,374,065	$1,401,546	$1,429,577	$1,458,169	$1,487,332	$1,517,079	$1,547,420	$1,578,369	$1,609,936	$1,642,135	$1,674,977	$1,708,477
	Less:																
	Economic Loss - Percentage:																
	Physical Vacancy Loss - Percentage:	4.0%	($51,792)	($52,828)	($53,885)	($54,963)	($56,062)	($57,183)	($58,327)	($59,493)	($60,683)	($61,897)	($63,135)	($64,397)	($65,685)	($66,999)	($68,339)
	Collection Loss - Percentage:	1.0%	($12,948)	($13,207)	($13,471)	($13,741)	($14,015)	($14,296)	($14,582)	($14,873)	($15,171)	($15,474)	($15,784)	($16,099)	($16,421)	($16,750)	($17,085)
	Total Effective Gross Revenue		$1,230,071	$1,254,673	$1,279,766	$1,305,362	$1,331,469	$1,358,098	$1,385,260	$1,412,965	$1,441,225	$1,470,049	$1,499,450	$1,529,439	$1,560,028	$1,591,229	$1,623,053
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		$130,883	$134,809	$138,854	$143,019	$147,310	$151,729	$156,281	$160,970	$165,799	$170,773	$175,896	$181,173	$186,608	$192,206	$197,972
	Insurance		$200,000	$206,000	$212,180	$218,545	$225,102	$231,855	$238,810	$245,975	$253,354	$260,955	$268,783	$276,847	$285,152	$293,707	$302,518
	Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Variable:																
	Management Fee - Percentage:	5.3%	$65,704	$67,018	$68,358	$69,725	$71,120	$72,542	$73,993	$75,473	$76,982	$78,522	$80,092	$81,694	$83,328	$84,995	$86,694
	General and Administrative		$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
	Payroll Expenses		$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016	$195,716	$201,587	$207,635	$213,864	$220,280	$226,888
	Utilities		$97,500	$100,425	$103,438	$106,541	$109,737	$113,029	$116,420	$119,913	$123,510	$127,215	$131,032	$134,963	$139,012	$143,182	$147,477
	Marketing and Advertising		$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149	$6,334	$6,524	$6,720	$6,921	$7,129	$7,343	$7,563
	Maintenance and Repairs		$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
	Grounds Maintenance and Landscaping		$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095	$26,878	$27,685	$28,515	$29,371	$30,252
	Resident Programs		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Contract Services		$36,500	$37,595	$38,723	$39,885	$41,081	$42,314	$43,583	$44,890	$46,237	$47,624	$49,053	$50,525	$52,040	$53,601	$55,210
	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		$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778
	Total Expenses		$815,587	$838,497	$862,082	$886,361	$911,354	$937,084	$963,571	$990,838	$1,018,908	$1,047,806	$1,078,455	$1,110,008	$1,142,491	$1,175,932	$1,210,360
	Net Operating Income		$414,485	$416,176	$417,684	$419,001	$420,115	$421,014	$421,689	$422,127	$422,316	$422,243	$420,995	$419,432	$417,537	$415,296	$412,693
	Debt Service Payments																
DEBT SERVICE	First Mortgage - Citibank, N.A.		$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504	$288,504
	Second Mortgage - FHFC - SAIL		$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000
	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 - Broward County		$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 - Citibank, N.A.		$11,850	$11,797	$11,740	$11,680	$11,617	$11,550	$11,479	$11,403	$11,324	$11,239	$11,150	$11,055	$10,954	$10,848	$10,735
	Second Mortgage Fees - FHFC - SAIL		$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023	$11,023
	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		$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648	$5,648
	Fifth Mortgage Fees - Broward County		$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		$360,880	$360,826	$360,770	$360,710	$360,647	$360,580	$360,508	$360,433	$360,353	$360,269	$360,179	$360,084	$359,984	$359,878	$359,765
	Cash Flow After Debt Service		$53,605	$55,349	$56,915	$58,291	$59,468	$60,435	$61,181	$61,694	$61,963	$61,975	$60,816	$59,347	$57,553	$55,419	$52,928
	Debt Service Coverage Ratios																
	DSC - First Mortgage plus Fees		1.380	1.386	1.391	1.396	1.400	1.403	1.406	1.408	1.409	1.409	1.405	1.400	1.394	1.387	1.379
	DSC - Second Mortgage plus Fees		1.180	1.185	1.189	1.193	1.196	1.199	1.201	1.203	1.204	1.204	1.201	1.196	1.191	1.185	1.178
	DSC - Third Mortgage plus Fees		1.167	1.172	1.176	1.180	1.183	1.186	1.188	1.190	1.191	1.191	1.187	1.183	1.178	1.172	1.165
	DSC - Fourth Mortgage plus Fees		1.149	1.153	1.158	1.162	1.165	1.168	1.170	1.171	1.172	1.172	1.169	1.165	1.160	1.154	1.147
	DSC - Fifth Mortgage plus Fees		1.149	1.153	1.158	1.162	1.165	1.168	1.170	1.171	1.172	1.172	1.169	1.165	1.160	1.154	1.147
	DSC - All Mortgages and Fees		1.149	1.153	1.158	1.162	1.165	1.168	1.170	1.171	1.172	1.172	1.169	1.165	1.160	1.154	1.147
	Financial Ratios																
	Operating Expense Ratio		66.3%	66.8%	67.4%	67.9%	68.4%	69.0%	69.6%	70.1%	70.7%	71.3%	71.9%	72.6%	73.2%	73.9%	74.6%
	Break-Even Ratio		91.1%	91.1%	91.0%	91.0%	91.0%	91.0%	91.1%	91.1%	91.2%	91.3%	91.4%	91.6%	91.8%	92.0%	92.2%

Pinnacle 441, Phase 2
RFA 2022-205 / 2023-119SN and 2022-525C
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

100 Units located in 1 High-Rise residential building

Unit Mix:

Thirty (30) one bedroom/one bath units:

Forty-seven (47) two bedroom/two bath units;

One (1) two bedroom/2.5 bath

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

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.

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. Homeownership Opportunity Program - Applicant commits to provide a financial incentive which includes the following provisions:

- The incentive must be applicable to the home selected and may not be restricted to or enhanced by the purchase of a home in which the Applicant, Developer, or other related party has an interest;
- the incentive must be not less than 5 percent of the rent received by the owner for the unit during the entire occupancy by the household (Note: The incentive will be paid for all months for which the household is in compliance with the

terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);

- the benefit must be in the form of a gift or grant and may not be a loan of any nature;
- the benefits of the incentive must accrue from the beginning of occupancy;
- the vesting period can be no longer than 2 years of continuous residency; and
- no fee, deposit or any other such charge can be levied against the household as a condition of participation in this program.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Pinnacle 441, Phase 2
DATE: July 7, 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. 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.	

NOTES AND APPLICANT'S RESPONSES: None

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	$47,904,057
Less Land Cost	($3,778,992)
Less Federal Funds	$0
Less Other Ineligible Cost	($6,111,174)
Less Disproportionate Standard	$0
Total Eligible Basis	$38,013,891
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	$49,418,058
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	$1,976,722

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of new rental units, site work, demolition work, washers and dryers, accounting fees, legal fees, market study, marketing and advertising, property taxes, 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 not located in a Difficult Development Area ("DDA") nor a Qualified Census Tract ("QCT"). The Development was previously located within a SADDA and must close on its bond allocation within 730 days (or September 23, 2023) in order to receive the 130% basis boost. 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)	$47,904,057
Less Mortgages	($22,100,000)
Less Grants	$0
Equity Gap	$25,804,057
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.9775
HC Required to Meet Gap	$26,400,652
Annual HC Required	$2,640,065

Notes to the Gap Calculation:

1. Mortgages include the Citi first mortgage, FHFC SAIL second mortgage, FHFC ELI third mortgage, FHFC NHTF fourth mortgage, Broward County fifth mortgage, and City of Hollywood sixth mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the May 2, 2023 LOI from BofA.

Section III: Tax-Exempt Bond 50% Test	
Total Depreciable Cost	$38,013,891
Plus Land Cost	$3,778,992
Aggregate Basis	$41,792,883
Tax-Exempt Bond Amount	$22,000,000
Less Debt Service Reserve	$0
Less Proceeds Used for Costs of Issuance	$0
Plus Tax-exempt GIC earnings	$2,337,500
Tax-Exempt Proceeds Used for Building and Land	$24,337,500
Proceeds Divided by Aggregate Basis	58.23%

Notes to 50% Test:

1. SMG estimates the Tax-Exempt MMRB amount to be 58.23% 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	$1,976,722
HC per Gap Calculation	$2,640,065
Annual HC Recommended	$1,976,722

Notes to the Summary:

1. The Annual HC Recommended is based on the Qualified Basis calculation.

Florida Housing Finance Corporation

Credit Underwriting Report

Griffin Lofts

Housing Credit and SAIL Financing for Homeless Housing Developments Located in Medium and Large Counties

SAIL, ELI, NHTF and 9% HC

RFA 2022-103 / 2022-257CSN

Construction Inflation Response Viability Funding

RFA 2023-211 / 2023-231V

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

July 7, 2023

GRIFFIN LOFTS

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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" or "Corporation") issue a Construction Inflation Response Viability Loan ("Viability") First Mortgage of $4,300,000, a State Apartment Incentive Loan ("SAIL") Second Mortgage of $4,200,000, an Extremely Low Income ("ELI") Third Mortgage of $140,300, and a National Housing Trust Fund ("NHTF") Fourth Mortgage of $870,000. SMG also recommends an annual Housing Credit ("HC") allocation of $1,700,000 for construction and permanent financing of Griffin Lofts ("Development").

DEVELOPMENT & SET-ASIDES

Development Name: Griffin Lofts

RFA/Program Numbers: RFA 2022-103 / 2022-257CSN RFA 2023-211 2023-231V

Address: Griffin Rd., approximately 550 ft east of the intersection of Griffin Rd and Baird Ave.

City: Lakeland Zip Code: 33805 County: Polk County Size: Medium

Development Category: New Construction Development Type: Mid-Rise (4 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Homeless for 50% of the Units

Unit Composition:

# of ELI Units: 9 ELI Units Are Restricted to 40% AMI, or less. Total # of units with PBRA? 0

# of Link Units: 0 Are the Link Units Demographically Restricted? No # of NHTF Units: 3

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	615	22%			$294	$80	$214		$214	$214	$214	$5,136
1	1.0	6	615	40%			$536	$80	$456		$366	$366	$366	$26,352
1	1.0	14	615	60%			$804	$80	$724		$540	$540	$540	$90,720
1	1.0	16	615	60%			$804	$80	$724		$724	$724	$724	$139,008
2	2.0	1	856	22%			$353	$104	$249		$249	$249	$249	$2,988
2	2.0	3	856	40%			$643	$104	$539		$539	$539	$539	$19,404
2	2.0	4	856	60%			$964	$104	$860		$640	$640	$640	$30,720
2	2.0	14	856	60%			$964	$104	$860		$860	$860	$860	$144,480
		60	42,202											$458,808

The demographic commitment is Homeless Individuals and Families. For the Persons with Special Needs population, the Applicant has selected to serve a population of 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; and persons receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits. The

Applicant committed to set aside at least 50% (30 units), but less than 80% (48 units), of the total units for Homeless individuals and families; and at least 15% (9 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 RFA 2022-103, the Applicant must commit to set aside 15% of the total units (9 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: Polk County

Two (2) One-Bedroom units at $44,200 = $88,400
One (1) Two-Bedroom units at $51,900 = $51,900

Total = $140,300

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 (6 units) will remain ELI Set-Aside Units for the entire compliance period. 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 three (3) 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 set aside 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 through 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'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.

The Tenant Selection Plan was approved by FHFC on June 28, 2022.

Buildings:	Residential -	1	Non-Residential -	0
Parking:	Parking Spaces -	57	Accessible Spaces -	9

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
SAIL / ELI / HC	15.0%	9	40%	50
SAIL / HC	85.0%	51	60%	50
NHTF Assisted Units	5.0%	3	22%	50

Absorption Rate 20 units per month for 3.0 months.

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

DDA: Yes QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 2.75 Density: 21.8182 Flood Zone Designation: X
Zoning: MF-12, Multiple Family Flood Insurance Required?: No

Per RFA 2022-103, all proposed Developments qualify for the basis boost.

DEVELOPMENT TEAM		
Applicant/Borrower:	Allegre Pointe, LLC	% Ownership
Member	C4 Alegre, LLC	0.0100%
Member	Enterprise Housing Credit Investments	99.9900%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Allegre Pointe, LLC	
CC Guarantor 2:	C4 Alegre, LLC	
CC Guarantor 3:	Carrfour Supportive Housing, Inc.	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Allegre Pointe, LLC	
OD Guarantor 2:	C4 Alegre, LLC	
OD Guarantor 3:	Carrfour Supportive Housing, Inc.	
Developer:	Carrfour Supportive Housing, Inc.	
General Contractor 1:	The Pike Company, Inc. a/k/a Pike Company of New York, Inc. a/k/a Pike Construction Services, Inc.	
Management Company:	Crossroads Management, LLC	
Syndicator:	Enterprise Housing Credit Investments	
Architect:	Zyscovich, LLC	
Market Study Provider:	Walter Duke + Partners	
Appraiser:	Walter Duke + Partners	

PERMANENT FINANCING INFORMATION

	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	FHFC - Viability	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF	City of Lakeland - HOME-ARP	
Amount	$4,300,000	$4,200,000	$140,300	$870,000	$685,000	
Underwritten Interest Rate	1.00%	0.50%	0.00%	0.00%	0.00%	
Loan Term	15.0	15.0	15.0	30.0	20.0	
Amortization	N/A	N/A	N/A	N/A	N/A	
Market Rate/Market Financing LTV	41.2%	81.5%	82.8%	91.2%	98%	
Restricted Market Financing LTV	387.4%	765.8%	778.4%	857%	918%	
Loan to Cost - Cumulative	15.6%	30.9%	31.4%	34.6%	37.1%	
Loan to Cost - SAIL Only		15.3%				
Debt Service Coverage	0.704	0.439	0.420	0.403	0.403	
Operating Deficit & Debt Service Reserves	$392,000.00					
# of Months covered by the Reserves	11.4					

Deferred Developer Fee	$1,913,497
As-Is Land Value	$912,000
Market Rent/Market Financing Stabilized Value	$10,430,000
Rent Restricted Market Financing Stabilized Value	$1,110,000
Projected Net Operating Income (NOI) - Year 1	$37,847
Projected Net Operating Income (NOI) - 15 Year	-$24,520
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Housing Credit (HC) Syndication Price	$0.905
HC Annual Allocation - Initial Award	$1,700,000
HC Annual Allocation - Qualified in CUR	$1,700,000
HC Annual Allocation - Equity Letter of Interest	$1,700,000

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
Regulated Mortgage Lender	Florida Community Loan Fund	$7,000,000	$0	$0.00
FHFC - Viability	FHFC	$4,300,000	$4,300,000	$71,666.67
FHFC - SAIL	FHFC	$4,200,000	$4,200,000	$70,000.00
FHFC - SAIL ELI	FHFC	$140,300	$140,300	$2,338.33
FHFC - NHTF	FHFC	$870,000	$870,000	$14,500.00
Local Government Subsidy	City of Lakeland - HOME-ARP	$685,000	$685,000	$11,416.67
HC Equity	Enterprise	$6,923,250	$15,385,000	$256,416.67
Deferred Developer Fee	Developer	$1,914,232	$1,913,497	$31,891.62
Operating Deficit Reserve	Developer	$1,069,015	$0	$0.00
Operating Deficit Reserve	Enterprise	$392,000	$0	$0.00
TOTAL		$27,493,797	$27,493,797	$458,229.95

<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?	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 Intent ("LOI") for first mortgage financing from Chase Bank, N.A. ("Chase") for construction financing. Subsequently, the Applicant provided a LOI from Florida Community Loan Fund ("FCLF") for first mortgage construction financing in the amount of $7,000,000.
   - The Application included a LOI for Housing Credit equity from Raymond James Affordable Housing Investments in the amount of $0.88 per tax credit and total equity of $14,958,505. Subsequently, the Applicant provided a LOI from Enterprise Housing Credit Investments ("Enterprise") reflecting an amount of $0.905 per tax credit and total equity of $15,385,000.
   - Per the May 23, 2022, Invitation to Enter Credit Underwriting the Applicant was awarded additional funding in the amount of $870,000 in the form of a National Housing Trust Fund ("NHTF") loan.
   - A Viability Loan in the amount of $4,300,000 from Florida Housing has been added to the financial structure as a Second Mortgage.
   - Per a March 28, 2023, award letter, the City of Lakeland will be providing a HOME-ARP loan in the amount of $685,000.
2. Total Development Costs ("TDC") as stated in the application were $20,115,023. TDC have increased to $27,493,797, an increase of $7,378,774. This increase is primarily due to increases in construction, Developer Fee and the addition of reserves offset by a decrease in general development costs.
3. See the below additional changes to the application:
   - At application the General Contractor was stated to be Strickland Green Mills Construction, LLC. Subsequently, the General Contractor changed to The Pike Company, Inc. a/k/a Pike Company of New York, Inc. a/k/a Pike Construction Services, Inc. Seltzer received the updated General Contractor Certification and Prior Experience Chart for The Pike Company, Inc.

These changes have no substantial material impact to the Viability, 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 May 25, 2023, reflects the following past due item(s):

1. Harding Village – SAIL
    a. SAIL – Loan matured 5/18/2023. SA is taking to June 9th Board meeting for extension.

Florida Housing's Asset Management Noncompliance Report dated May 24, 2023, reflects the following noncompliance items:

1. Amistad – Program Report
    a. Failure to annual recertify eligibility (HOME)
    b. Failure to perform first anniversary income determination
2. Bonita Cove – Program Report
    a. Failure to annual recertify eligibility
    b. Failure to meet Homeless categorical requirement
3. Coalition Lift – Program Report
    a. Failure to perform first year anniversary income determination – pending eviction
4. Harding Village – Program Report
    a. Failure to perform first year income determination
5. Northside Commons – Program Report
    a. Failure to perform first anniversary income determination

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 states the capture rates are low and indicate that there is sufficient demand for the subject units. The average occupancy for the comparables within the Subject's Primary Market Area ("PMA") is 99.5%.
2. Although the Borrower and General Partners are newly formed, the Developer, 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. According to Rule 67-48.0072 (11), the minimum Debt Service Coverage ("DSC") shall be 1.10 to 1.00 for the SAIL, including superior mortgages. However, if the Applicant defers at least 35 percent of its Developer Fee flowing 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 1.00 for the SAIL, including all superior mortgages. The Development meets the preceding guidelines.

   The DSC for the Subject Development, as shown in Exhibit 1, is below the minimum through year 15, declining each year through year 15. DSC for SAIL with fees, including superior mortgages, is 0.439 in year 1 and -0.284 in year 15. Our estimate for total debt service payments through year 15 totals $1,258,611 which is covered by the 5% Developer Fee to fund an Operating Debt Reserve of $1,082,223 as well as the Operating Deficit Reserve of $392,000 as required by Enterprise.

Issues and Concerns: None

Mitigating Factors: None

Recommendation:

SMG recommends FHFC approve a Viability First Mortgage in the amount of $4,300,000, a SAIL Second Mortgage in the amount of $4,200,000, an ELI Third Mortgage in the amount of $140,300 and a NHTF Fourth Mortgage in the amount of $870,000. SMG also recommends an Annual HC allocation of $1,700,000 be awarded to Griffin Lofts 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:

Brian Barth
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	Florida Community Loan Fund	$9,800,000	$7,000,000	$7,000,000	4.50%	$325,763
Second Mortgage	FHFC - Viability	$0	$4,300,000	$4,300,000	1.00%	$44,469
Third Mortgage	FHFC - SAIL	$4,200,000	$4,200,000	$4,200,000	0.50%	$21,718
Fourth Mortgage	FHFC - SAIL ELI	$140,300	$140,300	$140,300	0.00%	$0
Fifth Mortgage	FHFC - NHTF	$0	$870,000	$870,000	0.00%	$0
Sixth Mortgage	City of Lakeland - HOME-ARP	$0	$685,000	$685,000	0.00%	$0
HC Equity	Enterprise	$5,235,477	$6,923,250	$6,923,250		
Deferred Developer Fee	Developer	$2,539,242	$1,955,097	$1,914,232		
Deferred Oper Def Resv	Developer	$0	$1,069,015	$1,069,015		
Deferred Oper Def Resv	Enterprise	$0	$382,000	$392,000		
Total		**$21,915,019**	**$27,524,662**	**$27,493,797**		**$391,949**

First Mortgage Financing:

Applicant submitted a term sheet from FCLF dated April 13, 2023, for a first mortgage construction loan in the amount up to $7,000,000. The initial construction term shall be twenty-four (24) months from the closing date and will require monthly interest only payments with all principal and interest due at maturity. The interest rate is stated to be 4.50%. There is an origination fee of 0.5% of the loan amount.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a Viability loan in the amount of $4,300,000, a SAIL in the amount of $4,200,000, an ELI loan in the amount of $140,300, a NHTF loan in the amount of $870,000, a City of Lakeland HOME-ARP loan in the amount of $685,000, Housing Credit equity of $6,923,250, deferred Developer Fee in the amount of $1,914,232, deferred Operating Deficit Reserve of $1,069,015 and deferred Operating Deficit Reserve of $392,000. 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	$4,300,000	$4,300,000	1.00%	N/A	15	$43,000
Second Mortgage	FHFC - SAIL	$4,200,000	$4,200,000	$4,200,000	0.50%	N/A	15	$21,000
Third	FHFC - SAIL ELI	$140,300	$140,300	$140,300	0.00%	N/A	15	$0
Fourth	FHFC - NHTF	$0	$870,000	$870,000	0.00%	N/A	30	$0
Fifth	City of Lakeland - HOME-ARP	$0	$685,000	$685,000	0.00%	N/A	20	$0
HC Equity	Enterprise	$14,958,504	$15,385,000	$15,385,000				
Def. Developer Fee	Developer	$2,539,242	$1,944,362	$1,913,497				
Total		**$21,838,046**	**$27,524,662**	**$27,493,797**				**$64,000**

Viability

Borrower applied to FHFC under RFA 2023-211 for Viability funds in the amount of $4,300,000. The Viability loan shall be non-amortizing and shall have an interest rate of 1 percent. The Viability loan 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. 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 $4,200,000. Applicants that commit to set aside at least 50 percent, but less than 80 percent, 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 percent interest rate for the remaining units. As such, the Borrower has committed to set aside 50 percent of the total units for homeless individuals and families; therefore, SAIL will have a 0.5 percent blended interest rate, per annum and is non-amortizing over the life of the loan.

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. 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 $140,300.

The ELI AMI for Polk County is 40%. The Borrower committed to set aside 15% of the units (9 units) at or below 40% of AMI for ELI. The ELI Loan is non-amortizing at 0.00% simple interest per annum. 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 17 years, of which 2 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 $870,000 and is required to designate 3 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% simple interest 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 (3 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 30 years, of which 2 years is for the construction/stabilization 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 Lakeland – HOME-ARP

Borrower provided Seltzer a March 28, 2023, award letter from the City of Lakeland reflecting a HOME-ARP Grant in the amount of $685,000 and subsequent commitment letter dated June 13, 2022. The Borrower for the funding is noted as the Applicant and Carrfour Supportive Housing. The term of the loan is for 20 years, subject to extension if required by tax credit investor or superior lender, with all payments deferred until maturity of the loan. The principal balance will be forgiven if the terms and conditions of the affordability have been met. The Applicant notes that at the City's discretion, the funds may ultimately be loaned to Carrfour Supporting Housing first and then re-loaned to the Applicant. Final terms will be verified prior to closing.

Housing Credits Equity Investment:

The Applicant has applied to Florida Housing to receive 9% Housing Credits.

Based upon a May 24, 2023, Letter of Intent, Enterprise 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	$2,307,750	15.00%	At closing
2nd Installment	$4,615,500	30.00%	All installments of this construction payment are tied to the construction completion milestones outlined below: $1,538,500 at 33% completion $1,538,500 at 53% completion $1,538,500 at 73% completion
3rd Installment	$1,538,500	10.00%	Latest of August 1, 2024, and (a) temporary COs for 100% of the units, (b) construction completion, (c) draft as-built plans approved by architect, (d) draft accountant prepared cost certification and (e) required insurance
4th Installment	$1,075,287	6.99%	Latest of April 1, 2025, and satisfaction of all previous conditions
5th Installment	$2,770,963	18.01%	Latest of April 1, 2025, and satisfaction of all previous conditions
6th Installment	$2,417,000	15.71%	Latest of April 1, 2025, and (a) permanent COs for 100% of the units, (b) final as-built ALTA survey, (c) recorded EUA, (d) final accountant certified cost certification, (e) 98% qualified occupancy and (f) final mechanic's lien release and final AIA G702 and G703
7th Installment	$660,000	4.29%	Latest of July 1, 2025, and (a) receipt of IRS Forms 8609 and (b) tax return for the first Federal HC year
Total	$15,385,000	100.00%	

Annual Tax Credits per Syndication Agreement:	$1,700,000
Total HC Available to Syndicator (10 years):	$16,998,300
Syndication Percentage (investor member interest):	99.990%
Calculated HC Exchange Rate (per dollar):	$0.905
Proceeds Available During Construction:	$6,923,250

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 Enterprise LOI have been received, the Developer will have to defer $1,913,497, or approximately 55.25%, of the total Developer Fee of $3,463,113 (excluding the $1,082,223 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				$0	$0
Installation of Pre Fab Units				$0	
New Rental Units	$10,394,131	$13,824,255	$13,824,255	$230,404	$133,993
Off-Site Work				$0	$0
Recreational Amenities	$255,000			$0	
Rehab of Existing Common Areas				$0	
Rehab of Existing Rental Units				$0	
Site Work		$1,354,877	$1,354,877	$22,581	$203,232
Swimming Pool				$0	
Furniture, Fixture, & Equipment				$0	
Hard Cost Contingency - in Constr. Cont.				$0	
Constr. Contr. Costs subject to GC Fee	$10,649,131	$15,179,132	$15,179,132	$252,986	$337,225
General Conditions	$1,455,178	$902,073	$902,073	$15,035	
Overhead		$300,691	$300,691	$5,012	
Profit		$719,025	$719,025	$11,984	
Builder's Risk Insurance				$0	
General Liability Insurance		$208,853	$208,853	$3,481	
Payment and Performance Bonds		$95,226	$95,226	$1,587	
Contract Costs not subject to GC Fee				$0	
Total Construction Contract/Costs	$12,104,309	$17,405,000	$17,405,000	$290,083	$337,225
Hard Cost Contingency	$592,466	$870,250	$870,250	$14,504	
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.	$30,000	$515,000	$515,000	$8,583	
Other:				$0	
Total Construction Costs:	**$12,726,775**	**$18,790,250**	**$18,790,250**	**$313,171**	**$337,225**

Notes to the Construction Costs:

1. The Applicant has provided an unexecuted Draft 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 May 26, 2023, in the amount of $17,405,000. The contract states the Date of Commencement shall be the later of (1) execution of this agreement, (2) finalization of the Owners' financing, (3) the Owners' issuance of a written "notice to proceed" and (4) receipt of site and master buildings permits necessary to commence the work. Substantial Completion is expected to occur not later than 387 days (approximately 13 months) from the Date of Commencement. Ten (10%) percent retainage will be withheld on all work performed up to 50% completion and thereafter five (5%) percent retainage will be withheld on all work performed after 50% completion.

   Final payment will be made when (1) the General Contractor has fully performed the contract and (2) 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) 15 days after issuance of the Architect's final Certificate for Payment and (b) 30 days after satisfaction of the other conditions to final payment.

Moran noted that there were $51,225 in allowances reflected in the Schedule of Values ("SOV"), which are within an acceptable range for the scope of work indicated. Seltzer followed up with Moran to verify the amount of allowances as the Construction Contract did not reference any allowances. Moran has requested the 'Final' Construction Contract to confirm the amount of allowances and make sure there are no additional changes.

The ineligible portion of new rental unit costs represents the cost of providing income producing washers and dryers in the units at the Development.

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 2022-103 and Rule. General liability insurance will be covered by the General Contractor under General Conditions. Payment and Performance Bond costs reflected in the schedule of values are excluded from construction hard costs in the General Contractor fee calculation.
4. 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.
5. FF&E outside the construction contract includes the cost of providing personal property at the Development. Personal property includes furniture for the clubhouse, furniture for homeless residents and computers for staff and resident use as well as providing solar array at the Development.
6. SMG engaged and received a Plan and Cost Analysis ("PCA") from Moran Construction Consultants, LLC ("Moran"). 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	$55,000	$55,000	$55,000	$917	$27,500
Appraisal	$8,000	$8,000	$8,000	$133	
Architect's and Planning Fees				$0	
Architect's Fee - Green Initiative				$0	
Architect's Fee - Landscape				$0	
Architect's Fee - Site/Building Design	$347,000	$350,000	$350,000	$5,833	
Architect's Fee - Supervision	$40,000	$50,000	$50,000	$833	
Building Permits	$51,581	$51,581	$51,581	$860	
Builder's Risk Insurance	$50,000	$60,000	$60,000	$1,000	
Capital Needs Assessment/Rehab				$0	
Engineering Fees	$65,000	$94,100	$94,100	$1,568	
Environmental Report	$25,000	$25,000	$25,000	$417	
Federal Labor Standards Monitoring				$0	
FHFC Administrative Fees	$93,500	$93,500	$93,500	$1,558	$93,500
FHFC Application Fee	$3,000	$3,500	$3,500	$58	$3,500
FHFC Credit Underwriting Fee	$24,179	$28,564	$31,759	$529	$31,759
FHFC Compliance Fee	$200,000	$229,447	$229,477	$3,825	$229,477
FHFC Other Processing Fee(s)	$51,500	$51,500	$35,000	$583	$35,000
Impact Fee	$582,780	$58,278	$58,278	$971	
Lender Inspection Fees / Const Admin	$70,000	$64,150	$64,150	$1,069	
Green Building Cert. (LEED, FGBC, NGBS)	$35,000	$35,000	$35,000	$583	
Home Energy Rating System (HERS)				$0	
Insurance	$45,000	$100,000	$100,000	$1,667	
Legal Fees - Organizational Costs	$142,000	$138,000	$138,000	$2,300	$69,000
Local Subsidy Underwriting Fee				$0	
Market Study	$7,000	$7,000	$7,000	$117	$7,000
Marketing and Advertising	$150,000	$150,000	$150,000	$2,500	$150,000
Plan and Cost Review Analysis		$5,850	$5,850	$98	
Property Taxes	$50,000	$50,000	$50,000	$833	$20,000
Soil Test	$15,000	$15,000	$15,000	$250	
Survey	$30,000	$30,000	$30,000	$500	$7,500
Tenant Relocation Costs				$0	
Title Insurance and Recording Fees	$91,050	$68,650	$68,650	$1,144	$17,163
Traffic Study				$0	
Utility Connection Fees	$198,960	$198,960	$198,960	$3,316	
Soft Cost Contingency	$60,000	$75,000	$75,000	$1,250	
Other:				$0	
Total General Development Costs:	**$2,490,550**	**$2,096,080**	**$2,082,805**	**$34,713**	**$691,399**

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, Zyscovich LLC, dated September 1, 2022.
2. Engineering Fees are based on the Proposal between the Owner and Hamilton Engineering & Surveying, LLC, dated August 9, 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 60 units set aside for 50 years.

4. The FHFC Other Processing Fee(s) include the following:
   - CUR Extension Fee - $5,000
   - LPA Extension Fee - $10,000
   - NOC Extension Fee - $10,000
   - 10% Test Extension Fee - $5,000
   - Site Control Extension Fee - $5,000
   - Total - $35,000
5. Impact Fees and Utility Connection Fees were estimated by the Applicant. The Applicants impact fee budget line is net of a 90% waiver that is anticipated to be received. This estimate was based on previous transactions completed in this City and County that received waivers. Receipt and satisfactory review of the documentation supporting the waiver is a condition to close.
6. Green Building Certification Fees are based on the Proposal by and between the Owner and Community Development Reimagined-CDR dated October 20, 2022, for NGBS 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	$98,000	$35,000	$35,000	$583	
Construction Loan Commitment Fee				$0	
Construction Loan Closing Costs	$105,000	$10,000	$10,000	$167	
Construction Loan Interest	$359,000	$493,000	$391,949	$6,532	$157,917
Construction Loan Servicing Fees				$0	
Permanent Loan Application Fee				$0	$0
Permanent Loan Underwriting Fee				$0	$0
Permanent Loan Subsidy Layering Rev.				$0	$0
Permanent Loan Commitment Fee				$0	$0
Permanent Loan Origination Fee	$55,943	$93,903		$0	$0
Permanent Loan Closing Costs	$10,000	$10,000		$0	$0
Permanent Loan Interest				$0	$0
Permanent Loan Servicing Fee				$0	$0
SAIL Commitment Fee			$84,000	$1,400	$84,000
SAIL Closing Costs			$12,500	$208	$12,500
SAIL Interest				$0	$0
SAIL Servicing Fee				$0	$0
SAIL-ELI Commitment Fee			$2,806	$47	$2,806
SAIL-ELI Closing Costs			$6,500	$108	$6,500
SAIL-ELI Servicing Fee				$0	$0
Misc Loan Application Fee				$0	
Misc Loan Underwriting Fee				$0	
Misc Loan Subsidy Layering Review				$0	
Misc Loan Origination Fee			$43,000	$717	$43,000
Misc Loan Closing Costs			$12,500	$208	$12,500
Misc Loan Interest				$0	
Misc Loan Servicing Fee				$0	
NHTF Subsidy Layering Review			$1,951	$33	$1,951
NHTF Commitment Fee			$8,700	$145	$8,700
NHTF Closing Costs			$12,500	$208	$12,500
NHTF Servicing Fee				$0	$0
Legal Fees - Financing Costs	$25,000	$150,000	$150,000	$2,500	$150,000
Other:				$0	$0
Total Financial Costs:	**$652,943**	**$791,903**	**$771,406**	**$12,857**	**$492,374**
Dev. Costs before Acq., Dev. Fee & Reserves	**$15,870,268**	**$21,678,233**	**$21,644,461**	**$360,741**	**$1,520,997**

Notes to the Financial Costs:

1. Construction Origination Fee is based on 0.5% of the construction loan amount per the FCLF LOI.
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 4.50%, a construction/stabilization period of 18 months, and 57% of the loans outstanding (on average) during the construction schedule.
3. SAIL Commitment Fee consists of a 1% SAIL commitment fee based on the SAIL amount as well as a 1% firm loan commitment issuance deadline extension fee.

4. SAIL-ELI Commitment Fee consists of a 1% ELI commitment fee based on the ELI Loan amount as well as a 1% firm loan commitment issuance deadline extension 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 1% firm loan commitment issuance deadline extension fee based on the NHTF Loan amount.
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 included in the Misc Loan Closing Costs).

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	
Other:				$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	$2,539,242	$2,167,823	$2,162,419	$36,040	
DF to fund Operating Debt Reserve	$793,513	$1,083,912	$1,082,223	$18,037	
DF to Brokerage Fees - Land			$0	$0	
DF to Excess Land Costs				$0	
DF to Excess Bldg Acquisition Costs				$0	
DF to Consultant Fees		$1,300,694	$1,300,694	$21,678	
DF to Guaranty Fees				$0	
Other:				$0	
Total Other Development Costs:	**$3,332,755**	**$4,552,429**	**$4,545,336**	**$75,756**	**$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.

2. Developer Fee to Consultant Fees is the fee charged by Green Mills Group for their role in this transaction.

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				$0	$0
Land	$912,000			$0	$0
Land Lease Payment		$912,000	$912,000	$15,200	$912,000
Land Carrying Costs				$0	$0
Other:				$0	$0
Total Acquisition Costs:	**$912,000**	**$912,000**	**$912,000**	**$15,200**	**$912,000**

Notes to the Land Acquisition Costs:

1. Applicant provided an executed Ground Lease Agreement ("Lease") dated February 12, 2022, between Applicant ("Tenant") and Carrfour Holdings, LLC ("Landlord") with a capital lease payment in the amount of the Purchase Price defined in the Purchase and Sale Agreement ("PSA"). Seltzer was provided the PSA reflecting Carrfour Holdings, LLC, as Buyer, with a purchase price of $912,000. The Lease has a term of 65 years from the commencement date, defined as the closing date of the Tenants construction loan.

   The appraised value of the vacant land is $912,000, which supports the purchase price.

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)		$382,000	$392,000	$6,533	$392,000
Debt Service Coverage Reserve (FHFC)				$0	$0
Debt Service Coverage Reserve (Lender)				$0	$0
Debt Service Coverage Reserve (Syndicator)				$0	$0
Other:				$0	$0
Total Reserve Accounts:	**$0**	**$382,000**	**$392,000**	**$6,533**	**$392,000**

Notes to Reserve Accounts:

1. Reserves – Operating Deficit is the Operating Deficit Reserve ("ODR") required by the Syndicator (Enterprise).

   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:	$20,115,023	$27,524,662	$27,493,797	$458,230	$2,824,997

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 (4 stories) – ESSC Construction, which had a maximum allowable per unit cost of $383,000.00. 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. Griffin Lofts' final TDC per unit is $436,496.62.

Operating Pro forma

OPERATING PRO FORMA				ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income			$458,808	$7,647
	Rent Subsidy (ODR)			$0	$0
	Other Income:				
		Ancillary Income-Parking		$0	$0
		Miscellaneous		$5,580	$93
		Washer/Dryer Rentals		$5,580	$93
		Cable/Satellite Income		$4,185	$70
	Gross Potential Income			$474,153	$7,903
	Less:				
		Economic Loss - Percentage:	0.0%	$0	$0
		Physical Vacancy Loss - Percentage:	4.0%	($18,966)	($316)
		Collection Loss - Percentage:	1.0%	($4,742)	($79)
Total Effective Gross Revenue				$450,445	$7,507
EXPENSES	Fixed:				
		Ground Lease		$1	$0
		Real Estate Taxes		$14,531	$242
		Insurance		$84,000	$1,400
	Variable:				
		Management Fee - Percentage:	6.0%	$27,027	$450
		General and Administrative		$30,000	$500
		Payroll Expenses		$125,040	$2,084
		Utilities		$43,500	$725
		Marketing and Advertising		$1,500	$25
		Maintenance and Repairs		$54,000	$900
		Grounds Maintenance and Landscaping		$0	$0
		Resident Programs		$0	$0
		Contract Services		$0	$0
		Security		$15,000	$250
	Reserve for Replacements			$18,000	$300
Total Expenses				$412,599	$6,877
Net Operating Income				$37,847	$631
Debt Service Payments					
DEBT SERVICE		First Mortgage - FHFC - Viability		$43,000	$717
		Second Mortgage - FHFC - SAIL		$21,000	$350
		Third Mortgage - FHFC - SAIL ELI		$0	$0
		Fourth Mortgage - FHFC - NHTF		$0	$0
		Fifth Mortgage - City of Lakeland - HOME-ARP		$0	$0
		All Other Mortgages -		$0	$0
		First Mortgage Fees - FHFC - Viability		$10,750	$179
		Second Mortgage Fees - FHFC - SAIL		$11,523	$192
		Third Mortgage Fees - FHFC - SAIL ELI		$3,855	$64
		Fourth Mortgage Fees - FHFC - NHTF		$3,855	$64
		Fifth Mortgage Fees - City of Lakeland - HOME-AR		$0	$0
		All Other Mortgages Fees -		$0	$0
Total Debt Service Payments				$93,983	$1,566
Cash Flow After Debt Service				($56,136)	($936)

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	0.704
DSC - Second Mortgage plus Fees	0.439
DSC - Third Mortgage plus Fees	0.420
DSC - Fourth Mortgage plus Fees	0.403
DSC - Fifth Mortgage plus Fees	0.403
DSC - All Mortgages and Fees	0.403
Financial Ratios	
Operating Expense Ratio	91.6%
Break-Even Ratio	107.1%

Notes to the Operating Pro forma and Ratios:

2. According to Rule 67-48.0072 (11), the minimum Debt Service Coverage ("DSC") shall be 1.10 to 1.00 for the SAIL, including superior mortgages. 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 DSC shall be 1.00 for the SAIL, including all superior mortgages. The Applicant will be required to show permanent deferred Developer Fee of at least 35% as the SAIL DSC is 0.439. The Development meets the preceding guidelines.

   Our estimate for total debt service payments through year 15 totals $1,258,611 which is covered by the 5% Developer Fee to fund an Operating Debt Reserve of $1,082,223 as well as the Operating Deficit Reserve of $392,000 as required by Enterprise.

3. The Viability and SAIL will be repaid from available cash flow. The Break-Even Ratio would be 103.6% if the Viability interest payments were excluded. If the SAIL interest payments were excluded as well, the Break-Even Ratio would be 99.2%.

4. The Development will be utilizing Housing Credits, SAIL, ELI and NHTF which will impose rent restrictions. Griffin Lofts 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 Appraiser notes that the subjects NHTF units and 60% HC units will achieve maximum rents, however, the 40% and 60% units set aside as homeless units are anticipated to achieve rents below the maximum HC rents as those individuals and families are anticipated to be receiving SSI benefits. These rents are net utility allowances per a Lakeland Housing Authority, FL, utility chart effective August 1, 2021, and expired July 31, 2022. The Applicant is working on getting the updated chart and if need be stated they would engage a Utility Allowance Energy Consumption Model if needed. The chart reflects the residents paying for electricity and the Applicant paying for water, sewer, pest control, and trash pick-up. No manager/employee units are anticipated at this time.

A rent roll for the Development is illustrated in the following table:

MSA/County: Lakeland – Winter Haven MSA / Polk 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	615	22%			$294	$80	$214		$214	$214	$214	$5,136
1	1.0	6	615	40%			$536	$80	$456		$366	$366	$366	$26,352
1	1.0	14	615	60%			$804	$80	$724		$540	$540	$540	$90,720
1	1.0	16	615	60%			$804	$80	$724		$724	$724	$724	$139,008
2	2.0	1	856	22%			$353	$104	$249		$249	$249	$249	$2,988
2	2.0	3	856	40%			$643	$104	$539		$539	$539	$539	$19,404
2	2.0	4	856	60%			$964	$104	$860		$640	$640	$640	$30,720
2	2.0	14	856	60%			$964	$104	$860		$860	$860	$860	$144,480
		60	42,202											$458,808

5. 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%.
6. Real estate tax expense is based on the Appraiser's estimate.
7. Management Fees are based upon the Management Agreement provided by the Applicant that reflects a management fee in the amount of 6.0% of the gross collections or $33.80 per unit per month, whichever is greater.
8. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
9. Replacement Reserves in the amount of $300 per unit per year meet RFA 2022-103 and Rule requirements. Enterprise requires the replacement reserve to be increased annually by 3.00%.
10. The 15-year income and expense projection reflects a declining debt service coverage ("DSC") through year 15. At year 15, the DSC on all mortgages and fees is estimated at -0.261. 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. Receipt and satisfactory review of a fully executed Construction Contract.
2. Receipt and satisfactory review of the Final Plan and Cost Analysis ("PCA") prepared by Moran.
3. Receipt and satisfactory review of the updated Phase I ESA or update letter confirming no material changes to the findings in the June 23, 2022, report issued by GHD.
4. Receipt and satisfactory review of the current Utility Allowance chart for Lakeland Housing Authority or a FHFC approved Utility Allowance Model.
5. Receipt and satisfactory review of the impact fee waiver documentation to support the impact fee budget amount.
6. Completion of the HUD Section 3 pre-construction conference.
7. 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).
8. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.

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 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 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, 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 combined permanent first mortgage and 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 $18,270 (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. Moran Construction Consultants, LLC (“Moran”) or other construction inspector acceptable for Florida Housing is to act as Florida Housing’s inspector during the construction period.
13. Under the Griffin Lofts 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 $1,700,000. 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 the Servicer, Florida Housing or its Legal Counsel.

Exhibit 1
Griffin Lofts
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	$458,808	$467,984	$477,344	$486,891	$496,629	$506,561	$516,692	$527,026	$537,567	$548,318	$559,284	$570,470	$581,879	$593,517	$605,387
	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	$5,580	$5,692	$5,805	$5,922	$6,040	$6,161	$6,284	$6,410	$6,538	$6,669	$6,802	$6,938	$7,077	$7,218	$7,363
	Washer/Dryer Rentals	$5,580	$5,692	$5,805	$5,922	$6,040	$6,161	$6,284	$6,410	$6,538	$6,669	$6,802	$6,938	$7,077	$7,218	$7,363
	Cable/Satellite Income	$4,185	$4,269	$4,354	$4,441	$4,530	$4,621	$4,713	$4,807	$4,903	$5,001	$5,101	$5,204	$5,308	$5,414	$5,522
	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	$474,153	$483,636	$493,309	$503,175	$513,238	$523,503	$533,973	$544,653	$555,546	$566,657	$577,990	$589,550	$601,341	$613,367	$625,635
	Less:															
	Economic Loss - Percentage:															
	Physical Vacancy Loss - Percentage: 4.0%	($18,966)	($19,345)	($19,732)	($20,127)	($20,530)	($20,940)	($21,359)	($21,786)	($22,222)	($22,666)	($23,120)	($23,582)	($24,054)	($24,535)	($25,025)
	Collection Loss - Percentage: 1.0%	($4,742)	($4,836)	($4,933)	($5,032)	($5,132)	($5,235)	($5,340)	($5,447)	($5,555)	($5,667)	($5,780)	($5,896)	($6,013)	($6,134)	($6,256)
	Total Effective Gross Revenue	$450,445	$459,454	$468,643	$478,016	$487,577	$497,328	$507,275	$517,420	$527,769	$538,324	$549,090	$560,072	$571,274	$582,699	$594,353
EXPENSES	Fixed:															
	Ground Lease	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$2
	Sub-Ground Lease	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Real Estate Taxes	$14,531	$14,967	$15,416	$15,878	$16,355	$16,845	$17,351	$17,871	$18,407	$18,960	$19,528	$20,114	$20,718	$21,339	$21,979
	Insurance	$84,000	$86,520	$89,116	$91,789	$94,543	$97,379	$100,300	$103,309	$106,409	$109,601	$112,889	$116,276	$119,764	$123,357	$127,058
	Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Variable:															
	Management Fee - Percentage: 6.0%	$27,027	$27,567	$28,119	$28,681	$29,255	$29,840	$30,436	$31,045	$31,666	$32,299	$32,945	$33,604	$34,276	$34,962	$35,661
	General and Administrative	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778	$35,822	$36,896	$38,003	$39,143	$40,317	$41,527	$42,773	$44,056	$45,378
	Payroll Expenses	$125,040	$128,791	$132,655	$136,635	$140,734	$144,956	$149,304	$153,783	$158,397	$163,149	$168,043	$173,085	$178,277	$183,625	$189,134
	Utilities	$43,500	$44,805	$46,149	$47,534	$48,960	$50,428	$51,941	$53,500	$55,104	$56,758	$58,460	$60,214	$62,021	$63,881	$65,798
	Marketing and Advertising	$1,500	$1,545	$1,591	$1,639	$1,688	$1,739	$1,791	$1,845	$1,900	$1,957	$2,016	$2,076	$2,139	$2,203	$2,269
	Maintenance and Repairs	$54,000	$55,620	$57,289	$59,007	$60,777	$62,601	$64,479	$66,413	$68,406	$70,458	$72,571	$74,749	$76,991	$79,301	$81,680
	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	$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
	Other-Pest Control	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Reserve for Replacements	$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
	Total Expenses	$412,599	$424,706	$437,172	$450,006	$463,219	$476,823	$490,830	$505,250	$520,097	$535,383	$551,122	$567,326	$584,010	$601,187	$618,873
	Net Operating Income	$37,847	$34,748	$31,471	$28,010	$24,357	$20,505	$16,445	$12,170	$7,671	$2,940	($2,032)	($7,254)	($12,736)	($18,488)	($24,520)
	Debt Service Payments															
DEBT SERVICE	First Mortgage - FHFC - Viability	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000
	Second Mortgage - FHFC - SAIL	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
	Third Mortgage - FHFC - SAIL 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 Lakeland - HOME-ARP	$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 - Viability	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750
	Second Mortgage Fees - FHFC - SAIL	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523	$11,523
	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
	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 Lakeland - HOME-ARP	$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	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983	$93,983
	Cash Flow After Debt Service	($56,136)	($59,235)	($62,512)	($65,973)	($69,626)	($73,478)	($77,538)	($81,813)	($86,312)	($91,043)	($96,015)	($101,237)	($106,719)	($112,471)	($118,503)
	Debt Service Coverage Ratios															
	DSC - First Mortgage plus Fees	0.704	0.646	0.586	0.521	0.453	0.381	0.306	0.226	0.143	0.055	-0.038	-0.135	-0.237	-0.344	-0.456
	DSC - Second Mortgage plus Fees	0.439	0.403	0.365	0.325	0.282	0.238	0.191	0.141	0.089	0.034	-0.024	-0.084	-0.148	-0.214	-0.284
	DSC - Third Mortgage plus Fees	0.420	0.386	0.349	0.311	0.270	0.228	0.182	0.135	0.085	0.033	-0.023	-0.080	-0.141	-0.205	-0.272
	DSC - Fourth Mortgage plus Fees	0.403	0.370	0.335	0.298	0.259	0.218	0.175	0.129	0.082	0.031	-0.022	-0.077	-0.136	-0.197	-0.261
	DSC - Fifth Mortgage plus Fees	0.403	0.370	0.335	0.298	0.259	0.218	0.175	0.129	0.082	0.031	-0.022	-0.077	-0.136	-0.197	-0.261
	DSC - All Mortgages and Fees	0.403	0.370	0.335	0.298	0.259	0.218	0.175	0.129	0.082	0.031	-0.022	-0.077	-0.136	-0.197	-0.261
	Financial Ratios															
	Operating Expense Ratio	91.6%	92.4%	93.3%	94.1%	95.0%	95.9%	96.8%	97.6%	98.5%	99.5%	100.4%	101.3%	102.2%	103.2%	104.1%
	Break-Even Ratio	107.1%	107.5%	108.0%	108.4%	108.9%	109.3%	109.8%	110.3%	110.8%	111.4%	111.9%	112.5%	113.0%	113.6%	114.2%

GRIFFIN LOFTS
RFA 2022-103 / 2022-257CSN
DESCRIPTION OF FEATURES AND AMENITIES

The Development will consist of:

60 units located in 1 mid-rise (4 stories) residential building.

Unit Mix:

Thirty-eight (38) one bedroom/one bath units; and

Twenty-two (22) two bedroom/two bath units.

60 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 of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

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.

* 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.

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b. General Features

1) The Development will provide the following General Features:

- 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:
  - 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) The Development must include the following general features on the site.

- A full-size range and oven mut be incorporated in all 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.

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

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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.

d. Required Green Building Features in all Developments

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

- 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,

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  - 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.

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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);

_______ Florida Green Building Coalition (FGBC);

_______ Enterprise Green Communities; or

___X___ 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 of the RFA.

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: Griffin Lofts
DATE: JULY 7, 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. 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.	1
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.	2
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.	Unsatis.	3
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. Receipt and satisfactory review of the Final PCA prepared by Moran.
2. Receipt and satisfactory review of the updated Phase I ESA or update letter confirming no material changes to the findings in the June 23, 2022, report issued by GHD.
3. An unexecuted construction contract was provided between Pike and the Applicant.

   Response: Applicant will provide a fully executed construction contract not substantially different from the unexecuted contract utilized herein for underwriting.

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	$27,493,797
Less Land Cost	($912,000)
Less Federal Funds	$0
Less Other Ineligible Cost	($1,912,997)
Less Disproportionate Standard	$0
Total Eligible Basis	$24,668,800
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	$32,069,440
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	$2,886,250

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of site work, accounting fees, legal fees, a portion of construction loan interest, legal fees, FHFC Loan commitment fees, FHFC administrative, application, and underwriting fees, marketing, market study, and reserves.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. Per RFA 2022-103, all proposed Developments qualify for the basis boost. Therefore, the 130% basis credit has been applied to the Eligible Basis.
4. Per the FY 2016 Omnibus Spending and Tax Bill passed by Congress as of December 18, 2015, a permanent 9% minimum HC rate was established. For purposes of this report, a total HC percentage of 9.00% has therefore been applied.

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	$27,493,797
Less Mortgages	($10,195,300)
Less Grants	$0
Equity Gap	$17,298,497
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.9050
HC Required to Meet Gap	$19,116,273
Annual HC Required	$1,911,627

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 Viability first mortgage, FHFC SAIL second mortgage, FHFC ELI third mortgage, FHFC NHTF fourth mortgage and City of Lakeland HOME-ARP fifth mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the May 24, 2023, LOI from Enterprise.

Section IV: Summary	
HC per Applicant Request	$1,700,000
HC per Qualified Basis	$2,886,250
HC per Gap Calculation	$1,911,627
Annual HC Recommended	$1,700,000

Notes to the Summary:

1. The Annual HC Recommended is limited by the Applicant’s Request.

Viability Sizing Chart

Viability Loan Sizing Parameters and Metrics

Select the Development		Griffin Lofts			
RFA of Active Award		RFA 2022-103			
Demographic Commitment		Homeless			
Total Number of Units		60			
Existing Competitive Active Awards:		Set-Aside Units			
9% HC Allocation	$ 1,700,000	60			
SAIL	$ 4,200,000	60			
ELI	$ 140,300	9			
NHTF	$ 870,000	3			
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 (60 units x $125,000 PU)		$ 7,500,000	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:			No		
Applicant's Request Amount		$ 4,300,000	If so, how much should be deducted?		
Per Development/PU Limit		$ 4,300,000			
Eligible Request Amount:		**$ 4,300,000**			
b. Gap Analysis for Viability Sizing Purposes Only:					
Permanent Funding Sources:		DS w/ Fees	DSCR	NCF	
Traditional First Mortgage	$ -	$ -	0.0000x	$ 37,847	
Viability	$ 4,300,000.00	$ 53,750	0.7041x	$ (15,903)	
SAIL	$ 4,200,000.00	$ 11,523	0.5798x	$ (27,426)	
ELI	$ 140,300.00	$ 3,855	0.5475x	$ (31,281)	
NHTF	$ 870,000.00	$ 3,855	0.5186x	$ (35,136)	
0 City of Lakeland - HOME-ARP	$ 685,000.00	$ -	0.5186x	$ (35,136)	
<additional source>	$ -	$ -	0.5186x	$ (35,136)	
<additional source>	$ -	$ -	0.5186x	$ (35,136)	
<additional source>	$ -	$ -	0.5186x	$ (35,136)	
<additional source>	$ -	$ -	0.5186x	$ (35,136)	
HC Equity	$ 15,385,000.00				
Deferred Developer Fee (55.25%)	$ 1,913,497.00				
Total Sources	$ 27,493,797.00	$ 72,983	0.5186x	$ (35,136)	
Additional First Mortgage *(Min 1st Sizing)*	$ -	$ -			
Additional First Mortgage *(DCR Sizing)*	$ -	$ -			
Total Development Costs		$ 27,493,797.00			
Maximum Developer Fee Percentage		21%			
Total Developer Fee (excluding 5% Reserve)		$ 3,463,112.95			
Minimum 30% Deferred Developer Fee		$ 1,038,933.89			

**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	$	450,445.35
Total Operating Expenses in CUR Yr 1	$	412,598.72
Net Operating Income in CUR Yr 1	$	37,846.63
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	$	37,846.63
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$	19,233.00
NCF after FHFC Subsidy Loans DS & Fees	$	18,613.63
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	$	37,846.63
NCF after FHFC Subsidy Loans DS & Fees	$	18,613.63
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:		
Total Vacancy & Collection Rate in CUR		5.000%
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		**$ 26,914.00**
MMRB Annual Fee	0.000%	$ -
MMRB Annual Minimum	$0	$ -
MMRB Permanent Loan Servicing Fee		$ -
Non-MMRB Annual Fee(s)	0.25%	$ 23,775.75
Non-MMRB Annual Minimum(s)	$2,832	$ 11,328.00
Non-MMRB Annual Maximum(s)	$11,232	$ 44,928.00
Non-MMRB Permanent Loan Servicing Fee(s)		**$ 26,914.00**
Compliance Monitoring		**$ 3,069.00**
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	$ -
Additional Non-MMRB PSAU Fee(s)	$11.24	$ -
Non-MMRB Annual Minimum(s)	$3,432	$ -
Multiple Program Fee(s)	$1,023	$ 3,069.00
Non-MMRB Compliance Monitoring Fee(s)		**$ 3,069.00**
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:	0.5186x
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:	0.5186x

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.

June 15, 2023

Tim Kennedy
Multifamily Loans Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Alto Tower, 2021-294CSN
CHIRP Closing Deadline, July 21, 2023

Dear Tim,

At the June 9, 2023 FHFC board meeting, our CHIRP loan closing deadline was extended to July 21, 2023. We have diligently been working on obtaining final approval of our plans since our initial submission in July 2022. In an abundance of caution, we respectively request an extension to September 8, 2023 if we do not close by July 21, 2023.

If you have any questions or need further documentation, please call Shawn Wilson at (813) 384-4825 or contact Angela Hatcher at (727) 269-3853.

Sincerely,

BLUE CASL DADE, LLC

By: Blue DADE M, LLC, its manager

By: ______________________
Shawn Wilson, Manager

CASL DADE, LLC

By: CASL DADE M, LLC, its manager

By: Julian S Eller (Jun 15, 2023 16:31 EDT)
Julian S. Eller, Manager

Cc: Amanda Perry, FHFC
Keith Whitaker, Seltzer Management Group

July 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Coleman Park Renaissance ("Development") – State Apartment Incentive Loan ("SAIL"), Extremely Low Income ("ELI") Loan, and National Housing Trust Fund ("NHTF") Loan RFA 2020-205 (2021-219SN) / 4% Non-Competitive Housing Credits ("HC") 2020-536C / Construction Inflation Response Viability Funding ("Viability Loan") RFA 2023-211 (2023-242V)

Credit Underwriting Report Update Letter ("CUR Update Letter") – Changes to the Final Credit Underwriting Report, dated April 20, 2023 ("Final CUR") to include the Viability Loan, Site Control Change, and a Recommended Annual 4% HC Allocation of $913,162

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") reviewed a Notice of Preliminary Award from Florida Housing Finance Corporation ("FHFC" or "Florida Housing"), dated June 14, 2023, with a preliminary Viability Loan in the amount of $1,900,000 (sized by First Housing in the amount of $1,087,049). In addition to the inclusion of the Viability Loan, the Applicant has changed its site control from a Purchase and Sale Agreement to a Ground Lease. There is also an increase in the annual 4% HC Allocation from $901,563 to $913,162. First Housing has prepared this CUR Update Letter to outline the changes.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of the CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

- Final CUR, dated April 20, 2023.
- Updated Sources and Uses, dated June 5, 2023.

- Application for Viability Funding.
- Draft Ground Lease.
- RFA 2020-205 and RFA 2023-211.

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	6th, 7th, and 8th Source
Lien Position	First	Second	Third	Fourth	Fifth	Seventh, Seventh, and Eighth
Lender/Grantor	Housing Finance Authority of Palm Beach County ("HFAPBC")/ M&T Realty/ Freddie Mac	FHFC- Viability	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF	Palm Beach County - ARPA and HOME and City of West Palm Beach - SHIP
Amount	$2,047,950	$1,087,049	$2,940,000	$571,300	$1,196,493	$3,269,501
Underwritten Interest Rate	6.11%	1.00%	1.00%	0.00%	0.00%	0.00%
Loan Term	15	15.5	15.5	15.5	30	50/30/30
Amortization	35	0	0	0	0	0
Market Rate/Market Financing LTV	14%	22%	43%	47%	55%	78%
Restricted Market Financing LTV	44%	67%	129%	141%	167%	236%
Loan to Cost - Cumulative	10%	16%	30%	33%	39%	55%
Loan to Cost - SAIL Only	N/A	N/A	15%	N/A	N/A	N/A
Debt Service Coverage	1.42	1.31	1.07	1.05	1.04	1.02
Operating Deficit & Debt Service Reserves	$236,665					
# of Months covered by the Reserves	6.1					

Per Rule 67-48 the minimum Debt Service Coverage ("DSC") ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. 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 1.07x.

Deferred Developer Fee	$715,927
As-Is Land Value	$662,000
Market Rent/Market Financing Stabilized Value	$14,170,000
Rent Restricted Market Financing Stabilized Value	$4,700,000
Projected Net Operating Income (NOI) - Year 1	$228,628
Projected Net Operating Income (NOI) - 15 Year	$248,069
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	Private Placement
Housing Credit (HC) Syndication Price	$0.9075
HC Annual Allocation - Initial Award	$418,853
HC Annual Allocation - Qualified in CUR	$913,162
HC Annual Allocation - Equity Letter of Interest	$904,785

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Local HFA Notes	HFAPBC/TD Bank	$9,970,000	$9,970,000	$9,970,000	8.64%	$861,408
FHFC - Viability	FHFC	$0	$1,241,445	$1,087,049	1.00%	$10,870
FHFC - SAIL	FHFC	$1,809,395	$2,085,395	$1,996,535	1.00%	$19,965
FHFC - SAIL ELI	FHFC	$571,300	$571,300	$571,300	0.00%	$0
FHFC - NHTF	FHFC	$1,196,493	$1,196,493	$1,196,493	0.00%	$0
Local Government Subsidy	Palm Beach County - ARPA and HOME and City of West Palm Beach - SHIP	$3,269,501	$3,269,501	$3,269,501	0.00%	$0
HC Equity	Raymond James Affordable Housing Investements, Inc. ("RJAHI")	$1,190,011	$1,231,515	$1,231,515	N/A	N/A
Deferred Developer Fee	Neighborhood Renaissance and Stone Soup Development	$1,432,081	$504,719	$715,927	N/A	N/A
Total		$19,438,781	$20,070,368	$20,038,320		$892,244

Please note the Application column is based on First Housing's conclusions in the Final CUR. The Palm Beach County ARPA and HOME loans were combined within one line and the City of West Palm Beach - SHIP was in a separate line in the chart in the Final CUR.

First Mortgage:

First Housing has reviewed a term sheet from TD Bank, dated March 30, 2023, for construction financing. The construction loan is an amount equal to the lesser of 1) $9,970,000 2) 74% of the appraised "as stabilized" and "as restricted" value plus the value of the tax credits, or 3) 74% loan to project cost ratio during construction. 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 funds shall be disbursed on a draw down basis during construction. The construction loan shall bear interest at a variable rate based on the forward-looking Secured Overnight Financing Rate ("SOFR") for a month period as published by CME Group Benchmark Administration Ltd. plus a 2.50% spread. The construction loan interest is calculated based on the SOFR rate of 5.14% (as of June 2, 2023) plus a 2.50% spread, and a 1.00% underwriting cushion for an all-in rate of 8.64%.

HFAPBC will collect a 0.50% closing fee of the total Note amount at closing. The HFAPBC Issuer Fee and the annual Fiscal Agent Fee of $4,500 have been included in the uses section of the report.

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 $1,900,000. Based on sizing parameter in RFA 2023-211, First Housing has sized the Viability Loan to $1,087,049.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for 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 RFA 2023-211, the Viability 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 Viability Loan, all principal and unpaid interest will be due.

FHFC SAIL, ELI, and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated June 24, 2021, from FHFC with a preliminary SAIL Loan in the amount of $2,940,000, a preliminary ELI loan in the amount of $571,300, and a preliminary NHTF Loan in the amount of $1,196,493.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for 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. In order to balance sources and uses during the construction period, First Housing is estimating $1,996,535 of the SAIL loan will be funding during construction.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan 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 RFA 2020-205, the ELI Loan term will be coterminous with the first mortgage plus 6 months (total term 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. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. 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. 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 commitments must be maintained throughout the entire 50-year Compliance Period. The principal 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.

<u>Palm Beach County ARPA and HOME</u>:

First Housing received a Memo from Palm Beach County, dated February 16, 2023, for $2,358,001 in American Rescue Plan Act ("ARPA") funds for the Applicant. The interest rate is 0% with a 50-year forgivable loan term. The Affordability Period will be 50 years from the date of first occupancy.

First Housing received a Memo from Palm Beach County, dated February 16, 2023, for $735,000 in HOME Investment Partnerships Program ("HOME") funds for the Applicant. The interest rate is 0% with a 30-year loan term. Payments will be cash flow dependent. The Affordability Period will be 30 years from the date of first occupancy. The Development will include 11 HOME-Assisted units.

<u>City of West Palm Beach - SHIP</u>:

First Housing received a Rental Housing Development Agreement, provided by City of West Palm Beach. According to the Agreement, the total funding/loan under the Agreement shall not exceed $176,500. The total SHIP-Assisted Units shall be 2 units. The loan will accrue interest on the outstanding principal balance at a rate of 0% per year. The term of the loan shall be non-amortizing for 30 years.

<u>Housing Credit Equity</u>:

First Housing has reviewed a letter, dated March 19, 2023, indicating a Fund sponsored by RJAHI will acquire 99.99% ownership interest in the Applicant. First Housing further received an email, dated June 6, 2023 increasing the total equity from $7,933,406 to $8,210,100. The annual HC allocation is estimated to be in the amount of $904,785 and a syndication rate of $0.9075 per dollar. RJAHI anticipates a net capital contribution of $8,210,100 and has committed to make available 15.00% or $1,231,515 of the total net equity during the construction period. Three additional installments will be available upon construction completion, at stabilization, and upon receipt of the Form 8609. The first installment, in the amount of $1,231,515 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 $715,927 or approximately 42.55% of the total Developer Fee of $1,682,370.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Local HFA Notes	HFAPBC/M&T Realty/Freddie Mac	$2,096,000	$2,150,000	$2,047,950	15	35	6.11%	$141,947
FHFC - Viability	FHFC	$0	$1,241,445	$1,087,049	15.5	0	1.00%	$10,870
FHFC - SAIL	FHFC	$2,940,000	$2,940,000	$2,940,000	15.5	0	1.00%	$29,400
FHFC - SAIL ELI	FHFC	$571,300	$571,300	$571,300	15.5	0	0.00%	$0
FHFC - NHTF	FHFC	$1,196,493	$1,196,493	$1,196,493	30	0	0.00%	$0
Local Government Subsidy	Palm Beach County - ARPA and HOME and City of West Palm Beach - SHIP	$3,269,501	$3,269,501	$3,269,501	50/30/30	0	0.00%	$0
HC Equity	RJAHI	$7,933,406	$8,210,100	$8,210,100	N/A	N/A	N/A	N/A
Deferred Developer Fee	Neighborhood Renaissance and Stone Soup Development	$1,432,081	$491,529	$715,927	N/A	N/A	N/A	N/A
Total		$19,438,781	$20,070,368	$20,038,320				$182,217

Please note the Application column is based on First Housing's conclusions in the Final CUR. The Palm Beach County ARPA and HOME loans were combined within one line and the City of West Palm Beach - SHIP was in a separate line in the chart in the Final CUR.

<u>First Mortgage</u>:

First Housing received a Loan Application, dated February 17, 2023, from M&T Realty for Freddie Mac's Multifamily Direct Purchase of Tax-Exempt Loan Program. The loan amount is the lesser of $2,740,000, an amount not to exceed 65% of the underwritten value of the Development, and a loan amount that is limited to a 1.20x debt service coverage ratio. The term of the loan is 15 years from conversion with a 35-year amortization. The interest will be fixed based on an estimated spread of 2.42% over the yield rate on the 10-year United States Treasury Security, with a treasury floor of 3.36%. The interest rate on the loan is based upon the 10-year Treasury rate of 3.69% (as of June 2, 2023) plus a spread of 2.42% for an overall interest rate of 6.11%. First Housing is projecting a First Mortgage amount of $2,047,950, in order to meet a debt service coverage of 1.0x on all debt.

Additional fees included in the Debt Service calculation consist of an annual Issuer Fee of 15 bps (on the original tax-exempt note issued) and an annual Fiscal Agent Fee of $4,500.

<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 $1,900,000. Based on sizing parameter in RFA 2023-211, First Housing has sized the Viability Loan to $1,087,049.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing fees for 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 RFA

2023-211, the Viability 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 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, ELI and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated June 24, 2021, from FHFC with a preliminary SAIL Loan in the amount of $2,940,000, a preliminary ELI loan in the amount of $571,300, and a preliminary NHTF Loan in the amount of $1,196,493.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for 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% plus permanent loan servicing and compliance monitoring fees for a total loan 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 RFA 2020-205, the ELI Loan term will be coterminous with the first mortgage plus 6 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. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. 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. 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 commitments must be maintained throughout the entire 50-year

Compliance Period. The principal 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.

For each of the SAIL, ELI, and NHTF 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>Palm Beach County ARPA and HOME</u>:

First Housing received a Memo from Palm Beach County, dated February 16, 2023, for $2,358,001 in ARPA funds for the Applicant. The interest rate is 0% with a 50-year forgivable loan term. The Affordability Period will be 50 years from the date of first occupancy. An annual monitoring fee of $2,500 will be payable.

First Housing received a Memo from Palm Beach County, dated February 16, 2023, for $735,000 in HOME funds for the Applicant. The interest rate is 0% with a 30-year loan term. Payments will be cash flow dependent. The Affordability Period will be 30 years from the date of first occupancy. The Development will include 11 HOME-Assisted units. An annual monitoring fee of $2,000 will be payable.

<u>City of West Palm Beach - SHIP</u>:

First Housing received a Rental Housing Development Agreement, provided by City of West Palm Beach. According to the Agreement, the total funding/loan under the Agreement shall not exceed $176,500. The total SHIP-Assisted Units shall be 2 units. The loan will accrue interest on the outstanding principal balance at a rate of 0% per year. The term of the loan shall be non-amortizing for 30 years.

<u>Housing Credit Equity</u>:

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 this CUR Update Letter. Based on the email, dated June 6, 2023, a fund sponsored by RJAHI will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,231,515	15.00%	Closing
2nd Installment	$2,873,535	35.00%	Paid at the later of February 1, 2025 or Construction Completion
3rd Installment	$3,855,050	46.95%	Paid at the later of August 1, 2025 or Stabilized Operations
4th Installment	$250,000	3.05%	Paid when all required tax filing information and Forms 8609 are received and audited finances for the year of breakeven operations are available
Total	$8,210,100	100.00%	

Annual Credit Per Syndication Agreement	$904,785
Calculated HC Exchange Rate	$0.9075
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$1,231,515

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $715,927 or approximately 42.55% of the total Developer Fee of $1,682,370. Therefore, the Applicant is meeting the Viability requirement of deferring at least 30% of the Developer Fee.

Uses of Funds

Please note the Application column in each chart is based on First Housing's conclusions in the Final CUR.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	$9,547,731	$9,583,274	$9,547,731	$222,040	$289,697
Site Work	$1,316,681	$1,281,138	$1,316,681	$30,620	$131,668
Constr. Contr. Costs subject to GC Fee	$10,864,412	$10,864,412	$10,864,412	$252,661	$421,365
General Conditions	$651,864	$651,864	$651,864	$15,160	$0
Overhead	$217,288	$217,288	$217,288	$5,053	$0
Profit	$651,864	$651,864	$651,864	$15,160	$0
General Liability Insurance	$159,772	$159,772	$159,772	$3,716	$0
Payment and Performance Bonds	$125,452	$125,452	$125,452	$2,917	$0
Total Construction Contract/Costs	$12,670,652	$12,670,652	$12,670,652	$294,666	$421,365
Hard Cost Contingency	$633,532	$886,945	$886,945	$20,627	$0
Demolition paid outside Constr. Contr.	$18,667	$18,667	$18,667	$434	$0
Total Construction Costs:	**$13,322,851**	**$13,576,264**	**$13,576,264**	**$315,727**	**$421,365**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated March 24, 2023, in the amount of $12,670,652. This is a Standard Form of Agreement between Owner, CP Renaissance, LLC, 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 427 days from the date of commencement of the work. The construction contract specifies a 10% retainage on monthly contractor pay requisitions up to 50% completion of the project: at which time the retainage will be reduced to 5%.

2. First Housing utilized the Schedule of Values ("SOV") to break out the construction costs.

3. The Development will include retail/commercial space on the first floor of four of the apartment buildings. The ineligible cost of $289,697 is associated with the retail/commercial space.

4. 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.

5. The GC Contract includes $477,332 in allowances which equals 3.77% of the GMP. Based on the Plan and Cost Analysis, it is the opinion of On Solid Ground, LLC ("OSG") that the allowances are reasonable for this Development.

Stamped concrete/asphalt	$	25,470
Irrigation	$	40,000
Backfill earth on wall that is collapsing	$	19,000
Millwork & counter tops	$	217,300
Front entrance unit doors	$	81,482
Polished concrete floor in gym	$	10,490
Unit signage at $150/unit	$	6,450
Building letter/numbers $500/building	$	3,000
Way finding signage $500/building	$	3,000
Unit bathroom mirrors	$	5,110
Rubber flooring at playgrounds	$	14,855
Light fixture package	$	51,175
Total	**$**	**477,332**

6. The GC has budgeted for Payment and Performance Bonds ("P&P Bonds") to secure the construction contract.

7. On June 6, 2023, the Applicant submitted a request to FHFC to increase the Hard Cost Contingency from 5% to 7%, which is reflected above. A maximum Hard Cost Contingency of 5% of the total construction costs for new developments is required by the RFA and Rule Chapters 67-48 and 67-21. Due to delays in the construction start date, the Developer is anticipating increases on materials. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve contingency reserve increases upon recommendations by the credit underwriter. First Housing recommends that FHFC approve the contingency of 7%. FHFC staff approved the request on June 21, 2023.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$30,000	$50,000	$50,000	$1,163	$12,500
Appraisal	$10,500	$20,000	$20,000	$465	$0
Architect's Fee - Site/Building Design	$320,750	$355,750	$355,750	$8,273	$0
Building Permits	$92,870	$250,000	$250,000	$5,814	$0
Builder's Risk Insurance	$133,230	$244,380	$244,380	$5,683	$0
Environmental Report	$30,000	$65,000	$65,000	$1,512	$0
FHFC Administrative Fees	$49,586	$49,763	$50,224	$1,168	$50,224
FHFC Application Fee	$3,000	$3,500	$3,500	$81	$3,500
FHFC Credit Underwriting Fee	$26,073	$48,715	$31,219	$726	$31,219
FHFC Compliance Fee	$223,041	$223,041	$223,041	$5,187	$223,041
Impact Fee	$160,071	$167,064	$167,064	$3,885	$0
Lender Inspection Fees / Const Admin	$36,000	$36,000	$36,000	$837	$0
Green Building Cert. (LEED, FGBC, NAHB)	$51,595	$51,595	$51,595	$1,200	$0
Insurance	$53,750	$53,750	$53,750	$1,250	$53,750
Legal Fees - Organizational Costs	$150,000	$150,000	$150,000	$3,488	$11,029
Market Study	$10,500	$10,500	$10,500	$244	$10,500
Marketing and Advertising	$20,000	$20,000	$20,000	$465	$20,000
Plan and Cost Review Analysis	$2,900	$2,900	$2,900	$67	$0
Property Taxes	$7,500	$8,000	$8,000	$186	$0
Soil Test	$12,000	$25,000	$25,000	$581	$0
Survey	$20,000	$20,000	$20,000	$465	$0
Title Insurance and Recording Fees	$60,000	$100,000	$100,000	$2,326	$10,000
Soft Cost Contingency	$75,168	$97,747	$96,896	$2,253	$0
Total General Development Costs:	**$1,578,534**	**$2,052,705**	**$2,034,819**	**$47,321**	**$425,763**

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: 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 $24,179 for the SAIL, ELI, NHTF and HC underwriting, $1,894 for the Subsidy Layering Review, and $5,146 Viability underwriting.

5. FHFC Compliance Monitoring Fee of $223,041 is based on the compliance monitoring fee calculator spreadsheet provided by FHFC.

6. First Housing received a Work Order from RunBrook, dated February 15, 2023, for National Green Building Standard Services in the amount of $51,595.

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 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	$99,700	$99,700	$99,700	$2,319	$0
Construction Loan Closing Costs	$50,000	$50,000	$50,000	$1,163	$0
Construction Loan Interest	$1,158,514	$1,196,372	$1,205,971	$28,046	$241,194
Permanent Loan Application Fee	$9,500	$9,500	$9,500	$221	$9,500
Permanent Loan Origination Fee	$35,000	$35,000	$35,000	$814	$35,000
Permanent Loan Closing Costs	$36,860	$36,860	$36,860	$857	$36,860
Local HFA Note Application Fee	$7,500	$7,500	$7,500	$174	$7,500
Local HFA Note Underwriting Fee	$18,789	$18,789	$19,509	$454	$19,509
Local HFA Note Fiscal Agent Fee	$19,750	$19,750	$19,750	$459	$19,750
Local HFA Note Cost of Issuance	$179,227	$179,227	$132,850	$3,090	$132,850
SAIL Commitment Fee	$58,800	$82,191	$58,800	$1,367	$58,800
SAIL Closing Costs	$12,500	$12,500	$12,500	$291	$12,500
SAIL-ELI Commitment Fee	$11,426	$0	$11,426	$266	$11,426
SAIL-ELI Closing Costs	$6,500	$6,500	$6,500	$151	$6,500
NHTF Closing Costs	$12,500	$12,500	$12,500	$291	$12,500
Placement Agent/Underwriter Fee	$22,500	$22,500	$22,500	$523	$22,500
Other: Syndication Costs	$50,000	$50,000	$50,000	$1,163	$50,000
Other: NHTF Extension Fee	$11,965	$0	$11,965	$278	$11,965
Other: Viability Loan Commitment Fee	$0	$12,414	$10,870	$253	$10,870
Other: Viability Loan Closing Costs	$0	$0	$12,500	$291	$12,500
Total Financial Costs:	**$1,801,031**	**$1,851,303**	**$1,826,202**	**$42,470**	**$711,725**
Dev. Costs before Acq., Dev. Fee & Reserves	**$16,702,416**	**$17,480,272**	**$17,437,285**	**$405,518**	**$1,558,853**

Notes to the Financial Costs:

1. The Construction Loan Origination Fee is based on 1.00% on the construction loan amount ($9,970,000).

2. The Construction Loan Interest of $1,205,971 is based on an interest rate of 8.64%, a 30-month term, and an average outstanding loan balance of 56%.

3. According to the M&T Realty/Freddie Mac Loan Application, dated February 17, 2023, the permanent lender Application Fee is $6,500 and the Freddie Mac Application Fee is $3,000.

4. According to the HFAPBC Guidelines for Issuance of Multi-Family Rental Housing Revenue Bonds, there is an Application Fee of $1,500 and a Public Hearing Fee of $6,000.

5. The Permanent Loan Origination Fee is the greater of 1.25% of the total permanent note amount or $35,000.

6. Local HFA Note Underwriting Fee includes an underwriting fee of $16,009 and a closing letter fee of $1,000.

7. Local HFA Note Fiscal Agent Fee includes a Fiscal Agent Acceptance Fee of $2,000, Fiscal Agent Counsel cost of $6,500, and an annual Fiscal Agent Fee of $4,500 for 2.5 years.

8. Local HFA Note Cost of Issuance represents the HFAPBC Closing Fee of 0.50% of the total tax-exempt note amount ($9,970,000), a Note Counsel cost of $65,000 and an Issuer's Counsel expense of $18,000.

9. The SAIL Commitment Fee is based on a 1% commitment fee and a 1% extension fee of the SAIL Loan.

10. The SAIL ELI Commitment Fee is based on a 1% commitment fee and a 1% extension fee of the ELI Loan.

11. First Housing included FHFC closing costs of $6,500 for the ELI loan and $12,500 for each of the Viability, SAIL, and NHTF loans for FHFC legal counsel fees.

12. First Housing included a Placement Agent Fee of $22,500 per the Cost of Issuance provided by Raymond James.

13. The NHTF Extension Fee is based on 1% of the NHTF Loan.

14. The Viability Loan Commitment Fee is based on 1% of the Viability Loan.

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**

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	$2,039,526	$1,638,431	$1,530,196	$35,586	$0
Other: Impact Fees Refund	$152,174	$0	$152,174	$3,539	$0
Total Other Development Costs:	**$2,191,700**	**$1,638,431**	**$1,682,370**	**$39,125**	**$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 Operating Deficit Reserve ("ODR") as allowed by the RFA and Rule Chapters 67-48 and 67-21. According to the TDC Calculator, the maximum

allowable Developer Fee is $2,777,671. Please note, the Applicant voluntarily decreased the Developer Fee by $1,095,301 to meet the TDC requirements. Due to the TDC limitations, the overall Developer Fee is approximately 9.65% of total development costs before Developer Fee, ODR and land costs.

2. Total Impact Fees are $319,238 of which $152,174 will be refundable. Since this portion is refundable, it has been treated as a subset of Developer Fee.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$288,000	$662,000	$662,000	$15,395	$662,000
Total Acquisition Costs:	$288,000	$662,000	$662,000	$15,395	$662,000

Notes to Acquisition Costs:

1. First Housing received a draft Ground Lease between Neighborhood Renaissance, Inc. ("Landlord") and CP Renaissance, LLC ("Tenant"). The term of the lease shall be for a minimum term commencing on the Commencement Date and terminating 99 years after the Commencement Date. The Lease requires a one-time capitalized leased payment in the amount of $662,000. Receipt of a final executed Ground Lease is a condition to close.

2. First Housing reviewed an Appraisal of the Development prepared by Meridian Appraisal Group, Inc. ("Meridian"), dated May 22, 2023, which estimated the market value of the ground leasehold interest in the Development site, as if vacant, was $662,000. The appraisal supports the capitalized leased payment.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	$236,665	$269,665	$236,665	$5,504	$236,665
Reserves - Start-Up/Lease-up Expenses	$20,000	$20,000	$20,000	$465	$20,000
Total Reserve Accounts:	$256,665	$289,665	$256,665	$5,969	$256,665

Notes to Reserve Accounts:

1. An ODR is required by the Syndicator in the estimated amount of $236,665 , which is to be funded upon Stabilization. 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.

2. The Applicant has budgeted $20,000 for Start-up/Lease-up Expenses.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	$19,438,781	$20,070,368	$20,038,320	$466,007	$2,477,518

Notes to Total Development Costs:

1. The Total Development Costs have increased a total of $599,539 from $19,438,781 to $20,038,320 or 3.08% since the Final CUR. The change is mainly due to an increase in General Development Costs, inclusion of a 7% Hard Cost Contingency, and an increased land cost.

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 2020-205, exclusive of land costs, and ODR, of $423,035 per unit for a new construction, garden-style Enhanced Structural Systems Construction ("ESSC") development located in Palm Beach County, which includes the $7,500 add-on. The TDC for the Development, exclusive of demolition costs, land costs, and reserves, is $19,100,988 or $444,209 per unit, which is within 5% of the TDC limitation as allowed by the RFA. According to the TDC Calculator, the

maximum allowable Developer Fee is $2,777,671. Please note, the Applicant voluntarily decreased the Developer Fee by $1,095,301 to meet the TDC requirements.

Operating Pro Forma: Coleman Park Renaissance

FINANCIAL COSTS:					Year 1	Year 1 Per Unit
OPERATING PRO FORMA						
INCOME:	Gross Potential Rental Income				$533,400	$12,405
	Other Income					
		Ancillary Income			$17,160	$399
		Miscellaneous			$10,320	$240
	Gross Potential Income				$560,880	$13,044
	Less:					
		Physical Vac. Loss	Percentage:	4.00%	$22,435	$522
		Collection Loss	Percentage:	1.00%	$5,609	$130
Total Effective Gross Income					$532,836	$12,392
EXPENSES:	Fixed:					
		Real Estate Taxes			$61,921	$1,440
		Insurance			$53,750	$1,250
	Variable:					
		Management Fee	Percentage:	5.00%	$26,642	$620
		General and Administrative			$16,125	$375
		Payroll Expenses			$60,200	$1,400
		Utilities			$38,270	$890
		Marketing and Advertising			$2,150	$50
		Maintenance and Repairs/Pest Control			$19,350	$450
		Grounds Maintenance and Landscaping			$10,750	$250
		Contract Services			$2,150	$50
	Reserve for Replacements				$12,900	$300
Total Expenses					$304,208	$7,075
Net Operating Income					$228,628	$5,317
Debt Service Payments						
	First Mortgage - HFAPBC/M&T Realty/Freddie Mac				$141,947	$3,301
	Second Mortgage - FHFC Viability				$10,870	$253
	Third Mortgage - FHFC SAIL				$29,400	$684
	Fourth Mortgage - FHFC SAIL ELI				$0	$0
	Fifth Mortgage - FHFC NHTF				$0	$0
	All Other Mortgages				$0	$0
	First Mortgage Fees - HFAPBC				$19,455	$452
	Second Mortgage Fees - FHFC Viability				$2,832	$66
	Third Mortgage Fees - FHFC SAIL				$8,373	$195
	Fourth Mortgage Fees - FHFC SAIL ELI				$3,855	$90
	Fifth Mortgage Fees - FHFC NHTF				$4,014	$93
	All Other Mortgages Fees - ARPA and HOME				$4,500	$105
Total Debt Service Payments					$225,246	$5,238
Cash Flow after Debt Service					$3,382	$79
Debt Service Coverage Ratios						
	DSC - First Mortgage plus Fees				1.42x	
	DSC - Second Mortgage plus Fees				1.31x	
	DSC - Third Mortgage plus Fees				1.07x	
	DSC - Fourth Mortgage plus Fee				1.05x	
	DSC - Fifth Mortgage plus Fees				1.04x	
	DSC - All Mortgages and Fees				1.02x	
Financial Ratios						
	Operating Expense Ratio				57.09%	
	Break-even Economic Occupancy Ratio (all debt)				94.65%	

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with SAIL, ELI and NHTF, which will impose rent restrictions. The rent levels are based on 2022 maximum Low Income Housing Tax Credits ("LIHTC") rents published on FHFC's website for Palm Beach County less the applicable utility allowances.

Palm Beach County, West Palm Beach-Boca Raton 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
1	1.0	5	542	22%			$379	$90	$ 289		$ 289	$ 289	$ 289	$ 17,340
1	1.0	2	542	30%			$517	$90	$ 427		$ 427	$ 427	$ 427	$ 10,248
1	1.0	6	542	70%			$1,207	$90	$ 1,117		$ 1,117	$ 1,117	$ 1,117	$ 80,424
2	2.0	4	808	30%			$621	$107	$ 514		$ 514	$ 514	$ 514	$ 24,672
2	2.0	7	808	60%			$1,242	$107	$ 1,135		$ 1,135	$ 1,135	$ 1,135	$ 95,340
2	2.0	11	808	70%			$1,449	$107	$ 1,342		$ 1,342	$ 1,342	$ 1,342	$ 177,144
3	2.0	1	1,088	30%			$717	$129	$ 588		$ 588	$ 588	$ 588	$ 7,056
3	2.0	3	1,088	60%			$1,435	$129	$ 1,306		$ 1,306	$ 1,306	$ 1,306	$ 47,016
3	2.0	4	1,088	70%			$1,674	$129	$ 1,545		$ 1,545	$ 1,545	$ 1,545	$ 74,160
		43	33,526											$ 533,400

2. The utility allowances are based off the U.S. Department of Housing and Urban Development for Palm Beach County, which were effective January 1, 2022.

3. First Housing has included vacancy and collection loss at a total of 5.00%, which is supported by the Appraisal.

4. The Development will include four retail spaces on the first floor of buildings on Site A, Sited D, and Site F, which total 2,860 square feet of net rentable area. The Appraiser concluded to $8 per square foot per year or $22,880. First Housing has concluded to $6 per square foot per year or $17,160 to be more conservative. Based on First Housing's understanding, there will be a Master Commercial Sublease for the retail space. Receipt of the Master Commercial Sublease will be a condition to close.

5. Miscellaneous Income is comprised of revenue from forfeited deposits, vending machines, late charges, and other miscellaneous sources. Total Miscellaneous Income of $240 per unit/per year is supported by the appraisal.

6. 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.

7. The Development will seek ad valorem property tax exemption under Senate Bill No. 102, which states Land that is owned entirely by a nonprofit entity and is leased for a minimum of 99 years for the purpose of, and is predominantly used for, providing housing to natural persons or families meeting the extremely-low-income, very-low-income, low-income, or moderate-income limits is exempt from ad valorem taxation. This paragraph first applies to the 2024 tax roll and is repealed December 31, 2059. The Real Estate Taxes $61,921 includes the property tax exemption. Receipt of a real estate counsel's opinion letter verifying the proposed Development meets the requirements of Senate Bill No. 102 is a condition to close.

8. The draft Management Agreement includes a proposed management fee equal to 5% of the gross revenue. First Housing utilized a 5% fee based on the draft Management Agreement.

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 $300 per unit per year are required, per the RFA and Rule Chapters 67-48 and 67-21. Based on the Letter from RJAHI, dated March 19, 2023, Replacement Reserves will be $300 per unit and increase by 3% per year.

11. The Break-even Economic Occupancy Ratio includes all debt; however, the Viability Loan and SAIL Loan interest payment is based on available cash flow. This ratio would improve to 87.47% if the Viability Loan and SAIL Loan interest payment was not included in the calculation.

12. Refer to Exhibit 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%.

Third Party Reports

Due to the change in site control, First Housing received an updated Appraisal for the Development, prepared by Meridian, dated May 22, 2023. The highest and best use "as vacant" is multifamily development. The proposed improvements consist of multifamily housing that is generally consistent with the ideal improvements. The estimated market value of the ground lease hold interest in the site, as though vacant land is $662,000. The hypothetical market value as if stabilized – market, as of February 2, 2023, was $14,170,000. The hypothetical market value as if stabilized – Restrictive, as of February 2, 2023 was $4,700,000. The Market Valuation was signed and certified by Erica Ernst, Florida State Certified General Real Estate Appraiser (Florida License number is RZ3560 -valid through November 30, 2024).

Recommendation

First Housing recommends a Viability Loan in the amount of $1,087,049, a SAIL Loan in the amount of $2,940,000, an ELI Loan in the amount of $571,300, a NHTF Loan in the amount of $1,196,493, and an annual 4% HC Allocation of $913,162 for the construction and permanent financing of the Development

Closing of the transaction is subject to the following conditions:

1. All closing conditions in the Final CUR must be met.

2. Receipt of an executed Ground Lease with terms that are not substantially different than those utilized in this CUR Update Letter.

3. Receipt of the Master Commercial Sublease.

4. Receipt of a real estate counsel's opinion letter verifying the proposed Development meets the requirements of Senate Bill No. 102.

5. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. 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.

6. All other due diligence required by FHFC, its Legal Counsel and Servicer.

Prepared by:	Reviewed by:
Stephanie Petty	Ed Busansky
Stephanie Petty	Ed Busansky
Senior Credit Underwriter	Senior Vice President

HC Allocation Calculation

Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$20,038,320
Less Land Costs	$662,000
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$1,815,518
Total Eligible Basis	$17,560,802
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$22,829,043
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	$913,162

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; retail, site work costs, 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.

GAP Calculation

Total Development Costs(including land and ineligible Costs)	$20,038,320
Less Mortgages	$11,112,293
Less Grants	$0
Equity Gap	$8,926,027
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.9075
HC Required to meet Equity Gap	$9,836,826
Annual HC Required	$983,683

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from letter from RJAHI, dated March 19, 2023.

Summary

HC Per Syndication Agreement	$904,785
HC Per Qualified Basis	$913,162
HC Per GAP Calculation	$983,683
Annual HC Recommended	$913,162
Syndication Proceeds based upon Syndication Agreement	$8,210,100

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.

FHDC

50% Test

Tax-Exempt Note Amount	$9,970,000
Less: Debt Service Reserve Funded with Tax-Exempt Note Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Note Amount	$9,970,000
Total Depreciable Cost	$17,560,802
Plus Land Cost	$662,000
Aggregate Basis	$18,222,802
Net Tax-Exempt Note to Aggregate Basis Ratio	54.71%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FHDC

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			**$533,400**	**$544,068**	**$554,949**	**$566,048**	**$577,369**	**$588,917**	**$600,695**	**$612,709**	**$624,963**	**$637,462**	**$650,212**	**$663,216**	**$676,480**	**$690,010**	**$703,810**
	Other Income																	
	Ancillary Income			$17,160	$17,503	$17,853	$18,210	$18,575	$18,946	$19,325	$19,711	$20,106	$20,508	$20,918	$21,336	$21,763	$22,198	$22,642
	Miscellaneous			$10,320	$10,526	$10,737	$10,952	$11,171	$11,394	$11,622	$11,854	$12,092	$12,333	$12,580	$12,832	$13,088	$13,350	$13,617
	Gross Potential Income			**$560,880**	**$572,098**	**$583,540**	**$595,210**	**$607,115**	**$619,257**	**$631,642**	**$644,275**	**$657,160**	**$670,304**	**$683,710**	**$697,384**	**$711,331**	**$725,558**	**$740,069**
	Less:																	
	Physical Vac. Loss	Percentage:	4.00%	$22,435	$22,884	$23,342	$23,808	$24,285	$24,770	$25,266	$25,771	$26,286	$26,812	$27,348	$27,895	$28,453	$29,022	$29,603
	Collection Loss	Percentage:	1.00%	$5,609	$5,721	$5,835	$5,952	$6,071	$6,193	$6,316	$6,443	$6,572	$6,703	$6,837	$6,974	$7,113	$7,256	$7,401
	Total Effective Gross Income			**$532,836**	**$543,493**	**$554,363**	**$565,450**	**$576,759**	**$588,294**	**$600,060**	**$612,061**	**$624,302**	**$636,788**	**$649,524**	**$662,515**	**$675,765**	**$689,280**	**$703,066**
EXPENSES:	Fixed:																	
	Real Estate Taxes			$61,921	$63,779	$65,692	$67,663	$69,693	$71,783	$73,937	$76,155	$78,440	$80,793	$83,217	$85,713	$88,285	$90,933	$93,661
	Insurance			$53,750	$55,363	$57,023	$58,734	$60,496	$62,311	$64,180	$66,106	$68,089	$70,132	$72,236	$74,403	$76,635	$78,934	$81,302
	Variable:																	
	Management Fee	Percentage:	5.00%	$26,642	$27,175	$27,718	$28,272	$28,838	$29,415	$30,003	$30,603	$31,215	$31,839	$32,476	$33,126	$33,788	$34,464	$35,153
	General and Administrative			$16,125	$16,609	$17,107	$17,620	$18,149	$18,693	$19,254	$19,832	$20,427	$21,039	$21,671	$22,321	$22,990	$23,680	$24,391
	Payroll Expenses			$60,200	$62,006	$63,866	$65,782	$67,756	$69,788	$71,882	$74,038	$76,260	$78,547	$80,904	$83,331	$85,831	$88,406	$91,058
	Utilities			$38,270	$39,418	$40,601	$41,819	$43,073	$44,365	$45,696	$47,067	$48,479	$49,934	$51,432	$52,975	$54,564	$56,201	$57,887
	Marketing and Advertising			$2,150	$2,215	$2,281	$2,349	$2,420	$2,492	$2,567	$2,644	$2,724	$2,805	$2,889	$2,976	$3,065	$3,157	$3,252
	Maintenance and Repairs/Pest Control			$19,350	$19,931	$20,528	$21,144	$21,779	$22,432	$23,105	$23,798	$24,512	$25,247	$26,005	$26,785	$27,588	$28,416	$29,269
	Grounds Maintenance and Landscaping			$10,750	$11,073	$11,405	$11,747	$12,099	$12,462	$12,836	$13,221	$13,618	$14,026	$14,447	$14,881	$15,327	$15,787	$16,260
	Contract Services			$2,150	$2,215	$2,281	$2,349	$2,420	$2,492	$2,567	$2,644	$2,724	$2,805	$2,889	$2,976	$3,065	$3,157	$3,252
	Reserve for Replacements			$12,900	$13,287	$13,686	$14,096	$14,519	$14,955	$15,403	$15,865	$16,341	$16,832	$17,337	$17,857	$18,392	$18,944	$19,512
	Total Expenses			**$304,208**	**$313,068**	**$322,188**	**$331,576**	**$341,241**	**$351,190**	**$361,431**	**$371,974**	**$382,827**	**$394,000**	**$405,502**	**$417,342**	**$429,531**	**$442,079**	**$454,997**
	Net Operating Income			**$228,628**	**$230,425**	**$232,175**	**$233,873**	**$235,518**	**$237,104**	**$238,629**	**$240,087**	**$241,475**	**$242,788**	**$244,022**	**$245,173**	**$246,234**	**$247,201**	**$248,069**
	Debt Service Payments																	
	First Mortgage - HFAPBC/M&T Realty/Freddie Mac			$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947	$141,947
	Second Mortgage - FHFC Viability			$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870	$10,870
	Third Mortgage - FHFC SAIL			$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400	$29,400
	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
	All Other Mortgages			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	First Mortgage Fees - HFAPBC			$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455	$19,455
	Second 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
	Third Mortgage Fees - FHFC SAIL			$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373	$8,373
	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			$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014	$4,014
	All Other Mortgages Fees - ARPA and HOME			$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 Debt Service Payments			**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**	**$225,246**
	Cash Flow after Debt Service			**$3,382**	**$5,179**	**$6,928**	**$8,627**	**$10,272**	**$11,858**	**$13,382**	**$14,841**	**$16,229**	**$17,542**	**$18,776**	**$19,926**	**$20,988**	**$21,955**	**$22,823**
	Debt Service Coverage Ratios																	
	DSC - First Mortgage plus Fees			**1.42**	**1.43**	**1.44**	**1.45**	**1.46**	**1.47**	**1.48**	**1.49**	**1.50**	**1.50**	**1.51**	**1.52**	**1.53**	**1.53**	**1.54**
	DSC - Second Mortgage plus Fees			**1.31**	**1.32**	**1.33**	**1.34**	**1.35**	**1.35**	**1.36**	**1.37**	**1.38**	**1.39**	**1.39**	**1.40**	**1.41**	**1.41**	**1.42**
	DSC - Third Mortgage plus Fees			**1.07**	**1.08**	**1.09**	**1.10**	**1.11**	**1.11**	**1.12**	**1.13**	**1.13**	**1.14**	**1.15**	**1.15**	**1.16**	**1.16**	**1.17**
	DSC - Fourth Mortgage plus Fee			**1.05**	**1.06**	**1.07**	**1.08**	**1.09**	**1.09**	**1.10**	**1.11**	**1.11**	**1.12**	**1.13**	**1.13**	**1.14**	**1.14**	**1.14**
	DSC - Fifth Mortgage plus Fees			**1.04**	**1.04**	**1.05**	**1.06**	**1.07**	**1.07**	**1.08**	**1.09**	**1.09**	**1.10**	**1.11**	**1.11**	**1.12**	**1.12**	**1.12**
	DSC - All Mortgages and Fees			**1.02**	**1.02**	**1.03**	**1.04**	**1.05**	**1.05**	**1.06**	**1.07**	**1.07**	**1.08**	**1.08**	**1.09**	**1.09**	**1.10**	**1.10**
	Financial Ratios																	
	Operating Expense Ratio			**57.09%**	**57.60%**	**58.12%**	**58.64%**	**59.17%**	**59.70%**	**60.23%**	**60.77%**	**61.32%**	**61.87%**	**62.43%**	**62.99%**	**63.56%**	**64.14%**	**64.72%**
	Break-even Economic Occupancy Ratio (all debt)			**94.65%**	**94.34%**	**94.06%**	**93.80%**	**93.56%**	**93.34%**	**93.13%**	**92.95%**	**92.78%**	**92.63%**	**92.50%**	**92.39%**	**92.30%**	**92.22%**	**92.17%**

Based on the letter from RJAHI, dated March 19, 2023, Replacement Reserves will be $300 per unit and increasing 3% per year.

FHDC

Viability Sizing Chart

Viability Loan Sizing Parameters and Metrics

Select the Development		Coleman Park Renaissance	
RFA of Active Award		RFA 2020-205	
Demographic Commitment		Family	
Total Number of Units		43	
Existing Competitive Active Awards:		Set-Aside Units	
9% HC Allocation	NA	NA	
SAIL	$ 2,940,000	43	
ELI	$ 571,300	7	
NHTF	$ 1,196,493	5	
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 (43 units x $125,000 PU)		$ 5,375,000	Does the stated Eligible
Lesser of Net Per Development or PU Limit		**$ 4,300,000**	Request Amount need to
Viability Loan Sizing Parameters			be adjusted?
a. Eligible Request Amount:			Yes
Applicant's Request Amount		$ 1,900,000	If so, how much should be
Per Development/PU Limit		$ 4,300,000	deducted?
Eligible Request Amount:		**$ 1,900,000**	$812,951.00

b. Gap Analysis for Viability Sizing Purposes Only:

Permanent Funding Sources:		DS w/ Fees	DSCR	NCF
Sized First Mortgage	$ 2,256,664.82	$ 175,868	1.3000x	$ 52,760
Viability	$ 1,087,049.00	$ 13,702	1.2060x	$ 39,058
SAIL	$ 2,940,000.00	$ 37,773	1.0057x	$ 1,285
ELI	$ 571,300.00	$ 3,855	0.9889x	$ (2,570)
NHTF	$ 1,196,493.00	$ 4,014	0.9720x	$ (6,584)
Palm Beach County and City SHIP	$ 3,269,501.00	$ 4,500	0.9538x	$ (11,084)
<additional source>	$ -	$ -	0.9538x	$ (11,084)
<additional source>	$ -	$ -	0.9538x	$ (11,084)
<additional source>	$ -	$ -	0.9538x	$ (11,084)
<additional source>	$ -	$ -	0.9538x	$ (11,084)
HC Equity	$ 8,210,100.00			
Deferred Developer Fee (30.00%)	$ 504,711.18			
Total Sources	$ 20,035,819.00	$ 239,713	0.9538x	$ (11,084)
Additional First Mortgage *(Min 1st Sizing)*	$ 208,714.82	$ -		
Additional First Mortgage *(DCR Sizing)*	$ -	$ -		

Total Development Costs	$20,035,819
Maximum Developer Fee Percentage	18%
Total Developer Fee	$1,682,370
Minimum 30% Deferred Developer Fee	$ 504,711.00

**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	$ 532,836.00
Total Operating Expenses in CUR Yr 1	$ 304,207.80
Net Operating Income in CUR Yr 1	$ 228,628.20
Actual Traditional 1st Mortgage:	
Proposed Amount of Traditional 1st Mortgage	**$ 2,047,950.00**
Traditional 1st Mtg Amortization (Years)	35.00
Traditional 1st Mtg Interest Rate	6.110%
Traditional 1st Mtg Mortgage Constant	6.93115%
Local HFA Bond Fees, if applicable	**$ 19,455.00**
Traditional 1st Mtg DSCR	1.42x
Net Cash Flow (NCF) after 1st Mtg Debt Service	$ 67,226.69
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$ 45,642.23
NCF after FHFC Subsidy Loans DS & Fees	$ 21,584.46
RFA 2023-211 Minimum 1st Mortgage:	
Maximum 1st Mtg DSCR from Viability RFA	1.30x
Sized Debt Service from maximum DSCR	$ 175,867.85
Local HFA Fees to be included in Sized Debt Service	$ 19,455.00
Sized Debt Service to be incorporated, net of fees	$ 156,412.85
Mortgage Constant to be incorporated	6.93115%
Resulting minimum 1st Mtg	**$ 2,256,664.82**
NCF after resulting minimum 1st Mtg	$ 52,760.35
NCF after FHFC Subsidy Loans DS & Fees	$ 7,118.12
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:	
Total Vacancy & Collection Rate in CUR	5.000%
Revenue Growth Rate in CUR	2.000%
Operating Expense Growth Rate in CUR	3.000%
Amortization to be incorporated (Years)	35.00
Interest Rate to be incorporated	7.000%
Resulting Mortgage Constant for qualifying debt	7.66628%
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		**$ 16,005.23**
MMRB Annual Fee	0.000%	$ -
MMRB Annual Minimum	$0	$ -
MMRB Permanent Loan Servicing Fee		**$ -**
Non-MMRB Annual Fee(s)	0.25%	$ 14,487.11
Non-MMRB Annual Minimum(s)	$2,832	$ 11,328.00
Non-MMRB Annual Maximum(s)	$11,232	$ 44,928.00
Non-MMRB Permanent Loan Servicing Fee(s)		**$ 16,005.23**
Compliance Monitoring		**$ 3,069.00**
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	$ -
Additional Non-MMRB PSAU Fee(s)	$11.24	$ -
Non-MMRB Annual Minimum(s)	$3,432	$ -
Multiple Program Fee(s)	$1,023	$ 3,069.00
Non-MMRB Compliance Monitoring Fee(s)		**$ 3,069.00**
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?	Yes
If yes, what was the Net Operating Income used in calculating the DSCR?	$ 221,272.00
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?	$ 209,649.00
If yes, what was the overall Debt Coverage Ratio, inclusive of all applicable Permanent Sources of Funding?	1.0554x
The actual overall Debt Coverage Ratio, inclusive of all actual applicable Permanent Sources of Funding *(**excludes** any additional sized 1st Mtg)* is:	1.0150x
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:	0.9538x

The existing debt coverage ratio of 1.0554x is NOT being enhanced with the Viability Loan sizing process, but Additional First Mortgage sizing has been included in the gap process to size the Viability Loan per RFA requirements.

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE
the affordable housing experts

July 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: The Bay House Grant RFA 2021-105 (2021-313G)
Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities

Dear Mr. Kennedy:

At the request of Florida Housing Finance Corporation ("Florida Housing" or "FHFC"), First Housing Development Corporation of Florida ("First Housing", "Servicer", or "FHDC") has reviewed the response to the Request for Applications ("RFA") 2021-105 provided by St. Andrew Bay Center, Inc. dba The Arc of the Bay ("Applicant" or "SABC") for the construction of a new development to be known as The Bay House ("Development"). The Applicant is requesting Grant funding in the amount of $488,150 to construct a Community Residential Home ("CRH") with the sole intent to provide affordable, permanent, and supportive housing to individuals with developmental disabilities.

The Applicant is committed to providing 100% of the newly constructed units to persons with developmental disabilities. For the Development, 33% of the bedrooms (2 bedrooms) will be set aside for residents classified as being Extremely Low Income ("ELI") with incomes that are at or below 33% of the Area Median Income ("AMI"); the four (4) remaining bedrooms, or 67%, will be set aside for residents with incomes that are at or below 60% of AMI; all set asides will remain in place for an Compliance period of 10 years.

The newly constructed development will be located at 4511 Willow Hill Road, Lynn Haven, Bay County, FL 32444, and will be situated on approximately 1.00 acre of land. The address has changed since application from 1700 Alabama Avenue to 4511 Willow Hill Road. First Housing has received the updated site control and verification forms for the new location.

As proposed, the single-story, shared dwelling unit will consist of approximately 3,010 square feet of living space, six (6) bedrooms and four (4) bathrooms to house up to six (6) developmentally disabled individuals. There will be a covered porch entry, screened in porch at the rear, great room, one (1) office, multi-purpose room, kitchen, utility room with laundry area, and storage room.

Applicant

The Applicant is a Florida 501(c)(3) not-for-profit corporation, formed in 1957, having a Board of Directors comprised of 15-members. SABC was opened to provide support and opportunities for adults with disabilities. The Development will be managed by the SABC and its personnel upon completion of construction. Construction of the Development will be completed by Gage Golden Construction LLC dba BGN Contractors ("GGC").

Development Name: The Bay House

RFA/Program Numbers: RFA 2021-105 / 2021-313G

Address: 4511 Willow Hill Road

City: Lynn Haven Zip Code: 32444 County: Bay County Size: Medium

Development Category: New Construction Development Type: Single Family

Demographic Commitment:
Primary: Persons with Developmental Disabilities for 100% of the Units

Unit Composition:
# of ELI Units: 2 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 0

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
Grant	33.0%	2	33%	10
Grant	67.0%	4	60%	10

Site Acreage: 1.00 Density: N/A Flood Zone Designation: X
Zoning: LDR - Low Density Residential Flood Insurance Required?: No

Applicant/Borrower:	SABC	% Ownership
Construction Completion Guarantor(s):		
CC Guarantor 1:	SABC	
Developer:	SABC	
General Contractor 1:	Gage Golden Construction LLC dba BGN Contractors	

Credit Underwriter: First Housing
Date of Final CUR: 7.6.23

Source of Funds

Lender	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - Grant	$468,400	$488,150	10	0	0.00%	$0
Bay County Grant	$413,718	$360,000	15	0	0	0
	$882,118	$848,150				$0

FHFC Grant:

The Applicant has requested funding in the amount of $488,150 via FHFC RFA 2021-105. Terms and conditions of Grant funding will be clearly defined in the Restrictive Covenant and Grant Agreement issued by FHFC, and will be recorded in the public records of the county in which the newly constructed development is located. In the event of a violation of any of the terms and conditions set forth in the Restrictive Covenant and Grant Agreement, or the awarded Grant Funds be used for any purpose other than those stated in the Request For Application submitted by the Applicant, or if funds awarded or disbursed to Grantee were based upon fraud or misrepresentation committed by the Grantee during the Compliance Period, Grant Funds may be revoked.

It should be noted that a portion of the Total Grant Awarded ($18,150), may be used for predevelopment costs such as underwriting fees, plan and costs analysis, accessibility review, etc. In the event that the predevelopment costs are not fully expended at the completion of construction, the Applicant may be reimbursed up to the total amount remaining of these costs.

Bay County Grant:

First Housing has received meeting minutes from the Bay County Affordable Housing Advisory Committee recommending grant funding in the amount of $360,000 be awarded to the Applicant. This funding is subject to approval by the Bay County Board of County Commissioners. The meeting to approve the funding is scheduled for June 20, 2023. The funding will have a recorded note and mortgage. There will be no payments, no interest, and it will be satisfied in 15 years. It is anticipated that the grant will be drawn down in four 90 day intervals during construction, with the final disbursement available upon receipt of the certificate of occupancy. Confirmation of the final loan terms is a condition to closing as well as subordination of the grant to the FHFC Restrictive Covenant Agreement.

The Applicant must maintain the Qualifying Financing Assistance Preference obtained during the application process. For this Development, the Applicant must provide Non-Corporation Funding in the minimum amount of $50,000 in order to maintain the Qualifying Financing Assistance

Preference. The Bay County funds meet this minimum requirement; therefore, the Qualifying Financing Assistance Preference has been maintained.

Use of Funds

CONSTRUCTION COSTS:	Revised Applicant Costs	Underwriters Total Costs - CUR
New Rental Units	$513,600	$504,275
Constr. Contr. Costs subject to GC Fee	$513,600	$504,275
General Conditions	$85,463	$45,913
Profit	$0	$44,375
Builder's Risk Insurance	$0	$4,000
Contract Costs not subject to GC Fee	$0	$500
Total Construction Contract/Costs	$599,063	$599,063
Hard Cost Contingency	$0	$29,928
Other: Amenities	$170,755	$170,741
Total Construction Costs:	**$769,818**	**$799,732**

Notes to Construction Costs:

1. First Housing reviewed an executed contract, dated March 30, 2023, between St. Andrews Bay Center, Inc,. ("Owner") and Gage Golden Construction, LLC dba BGN Contractors. ("GC"). The guaranteed maximum price is $599,063. The projected completion date is 300 days from the commencement of work. Retainage in the amount of 10% will be withheld until such time as 50% completion is achieved and 0% retainage thereafter is required.

2. General Conditions and General Contractor ("GC") Fee were indicated in the summary of hard construction costs at a total of $90,288.04 which is approximately 17.90% of the total construction contract minus the GC Fee, Building Permits and Builder's Risk Insurance, which meets the requirement of no more than 18%.

3. First Housing has adjusted the hard cost contingency to 5% of the total construction contract less the building permits and builder's risk insurance, which is within the allowable 5% of total hard costs for new construction by the applicable RFA.

4. Buildings Permits in the amount of $500 have been included with in the GC Contract and are included in the Contract Costs not subject to GC Fee line item.

5. First Housing has received and reviewed a contract from SWS Consulting, Inc. ("Amenities Contractor" or "SWS"). This second, Amenities Contractor, is being utilized as SWS Consulting, Inc. has agreed to perform these services without any GC fee. The

principal of SWS is a Board Member of SABC. The amenities contract totals to $170,741 and is comprised of the following; landscaping, well installation, generator, fencing, security system, and driveway. First Housing has also reviewed a satisfactory resume and contractor license which expires August 31, 2024.

GENERAL DEVELOPMENT COSTS:	Revised Applicant Costs	Underwriters Total Costs - CUR
Appraisal	$800	$0
Architect's Fee - Site/Building Design	$3,800	$3,858
Building Permits	$3,250	$0
Builder's Risk Insurance	$5,600	$0
Environmental Report	$1,000	$1,000
FHFC Application Fee	$0	$800
FHFC Credit Underwriting Fee	$2,000	$8,653
FHFC Compliance Fee	$100	$1,000
Lender Inspection Fees / Const Admin	$1,500	$9,972
Insurance	$5,500	$5,500
Legal Fees - Organizational Costs	$2,500	$2,500
Plan and Cost Review Analysis	$3,000	$2,400
Soil Test	$5,100	$5,100
Survey	$1,500	$1,500
Title Insurance and Recording Fees	$150	$1,600
Soft Cost Contingency	$0	$2,194
Total General Development Costs:	**$35,800**	**$46,077**

Notes to General Development Costs:

1. Lender Inspection Fees includes the costs of 6 construction inspection fees. Each inspection fee is $1,200 per the Plan and Cost Analysis ("PCA") engagement letter. Lender Inspection Fees also includes 7 draw approval fees of $396 each; fees are calculated at $198/hr. at a minimum of 2 hours per draw.

2. Building Permits and Builder's Risk are included in the main GC contract and have been removed. The FHFC Application Fee, FHFC Credit Underwriting Fee, FHFC Compliance Fee, and PCA have been updated to actual costs.

3. Soft cost contingency to be approximately 5% of the General Development Costs less the contingency, as allowed by RFA 2021-105.

FHDC

FINANCIAL COSTS:		Revised Applicant Costs	Underwriters Total Costs - CUR
Other:	Grant Commitment Fee	$0	$2,000
Other:	Grant Extension Fees	$0	$250
	Total Financial Costs:	**$0**	**$2,250**
	Dev. Costs before Acq., Dev. Fee & Reserves	**$805,618**	**$848,059**

Notes on Financial Costs:

1. The Grant Commitment Fee is limited to 1% of the amount of the final Grant award, up to a maximum of $2,000 per RFA 2021-105.

2. A Grant Extension Fee of $250 for the Credit Underwriting Report Approval Deadline Extension has been included.

NON-LAND ACQUISITION COSTS	Revised Applicant Costs	Underwriters Total Costs - CUR
Building Acquisition Cost	$0	$0
Total Non-Land Acquisition Costs:	**$0**	**$0**

Notes on Non-Land Acquisition Costs:

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

DEVELOPER FEE ON NON-ACQUISTION COSTS	Revised Applicant Costs	Underwriters Total Costs - CUR
Developer Fee - Unapportioned	$76,500	$91
Total Other Development Costs:	**$76,500**	**$91**

Notes to Other Development Costs:

1. Developer Fee is limited to 10% of Development Cost per the RFA. The Developer Fee has been reduced at the Applicant's request to balance the sources and uses. If the contingencies are not spent, the remaining funds may be reallocated to developer fee, so long as the developer fee does not exceed 10% of the Developer Cost.

LAND ACQUISITION COSTS	Revised Applicant Costs	Underwriters Total Costs - CUR
Land Acquisition Cost	$0	$0
Total Acquisition Costs:	**$0**	**$0**

Notes to Land Acquisition Costs:

1. First Housing reviewed a Warranty Deed dated November 17, 2022 between Lynn Haven United Methodist Church, Inc. (”Grantor”) and St. Andrew Bay Center, Inc. (“Grantee”) and a letter from the Grantor. The land was donated to SABC and therefore no land acquisition costs have been included in the TDC.

RESERVE ACCOUNTS	Revised Applicant Costs	Underwriters Total Costs - CUR
Total Reserve Accounts:	$0	$0

Notes to Reserve Accounts:

1. No Reserve Accounts have been included in the TDC.

TOTAL DEVELOPMENT COSTS	Revised Applicant Costs	Underwriters Total Costs - CUR
TOTAL DEVELOPMENT COSTS:	$882,118	$848,150

Third Party Reports/Approvals

The Applicant submitted the revised Resident Community-Based Services Coordination Plan (“RCSP”) for The Bay House via Procorem on May 23, 2023. Approval of the RCSP by FHFC is a condition to closing.

First Housing reviewed a Transaction Screen Environmental Site Assessment Report (“TSP”), dated May 22, 2023, prepared by Cypress Environmental. (“CE”), in accordance with ASTM E1528-22. Based on the TSP conducted at the site, CE found no potential environmental concerns identified for the subject property.

First Housing reviewed a Geotechnical Engineering Report prepared by Magnum Engineering Inc. (“MEI”), dated February 9, 2023. MEI performed two soil borings at the site to depths of approximately twenty feet below the existing grade in the proposed building area. The soil borings encountered very loose to loose silty fine sands from approximately 2 to 6 feet below the existing grade, with very loose to medium dense slightly silty fine sands to the depth of 20 feet below the existing grade. MEI recommends that the subgrade soils be compacted to at least 95 percent of maximum dry density to a depth of at least 18 inches below the footing and floor slab bottoms.

First Housing has reviewed a draft PCA, dated June 16, 2023, prepared by On Solid Ground, LLC (“OSG”). Receipt and review of a satisfactory final PCA is a condition to closing. The Development will consist of new construction of a single-story, 6 bedroom/4 bathroom residential home. Construction will consist of shallow concrete foundations systems including concrete slab-on-grade, stucco-finished CMU exterior walls, fiberglass roof shingles over wood roof trusses, insulated aluminum-framed windows, fire sprinkler system, and residential grade interior finishes, casework and MEP systems including central air-conditioning.

The drawings provided to OSG were signed and sealed but have not been approved by Bay County. Revisions and clarifications can be expected during permit review. OSG recommends that a copy of the County's approved drawings be provided for their review once available. Receipt and satisfactory review of the final signed, sealed "approved for construction" plans and specifications by the Construction Consultant is a condition to closing.

A separate Description of Features and Amenities is attached to this report as Exhibit A.

Recommendation

First Housing recommends a Grant in the amount of $488,150 to be awarded to this Development for its new construction of The Bay House. This recommendation is contingent upon the review and approval of the following items by Florida Housing, its Legal Counsel and 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.

Conditions

1. Review and approval of all Grant documents by FHFC, its Legal Counsel, and Servicer.
2. Payment of all costs and fees to FHFC, its Legal Counsel, and Servicer.
3. Payment of Grant Commitment Fee of $2,000 to FHFC.
4. Payment of required Compliance Monitoring Fee of $1,000 to FHFC.
5. The Applicant will provide a Construction Completion Guaranty to be released at 100% lien free completion of construction.
6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
7. Confirmation that all features and amenities are provided during construction by the construction inspector, OSG.
8. Approval of the RCSP by FHFC.
9. Satisfactory receipt and review of a final PCA.
10. 2022 audited financials from GGC.
11. Subordination of the Bay County Grant, as applicable.
12. Site inspection by the Servicer.
13. Satisfactory receipt and review of a signed and sealed survey which is acceptable to FHDC, FHFC, and its Legal Counsel.

14. Receipt and satisfactory review of the final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and Servicer.

15. OSG is to act as construction inspector during the construction phase and the Applicant is to comply with any and all recommendations noted in the PCA, prepared by OSG.

16. Termite prevention and pest control must be provided throughout the entire compliance period.

17. 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.

18. Secure building permits issued in the name of the General Contractor prior to closing or provide 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). If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

19. Satisfactory receipt and review of updated financials for the Applicant, which are dated within 90 days of closing, if un-audited and dated within one year of closing, if audited, if applicable.

20. 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.

21. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer and a final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The closing draw must include appropriate backup and ACH wiring instructions.

22. Any required Applicant equity, as applicable, must be deposited into a separate account prior to closing, which will be verified by First Housing. Construction costs associated with the Development are to be withdrawn from the separate account first. Once the account is depleted, Applicant will request funds from the Grant award to complete construction on the Development. Invoices must be submitted to First Housing for approval of all funds associated with the construction of the Development.

23. If applicable, an Ownership and Encumbrance Report satisfactory to FHFC and its Legal Counsel.

24. Any other due diligence required by FHFC, its Legal Counsel or Servicer.

25. Executed Construction Consultant Certification form 130, if applicable.

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

27. 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 of an Applicant or a Developer).

Prepared by:

Elizabeth Loisel
Closing Coordinator

Reviewed by:

Taylor Arruda
Senior Credit Underwriter

RFA 2021-105 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities
(THE BAY HOUSE / 2021-313G)
DESCRIPTION OF FEATURES AND AMENITIES

A. The development will consist of 6 bedrooms and 4 bathrooms.

1. Each Resident shall have a private Bedroom with a locking door;
2. For every two Residents, there must be at least one full bathroom with a locking door that is accessible to those Residents;
3. Community Residential Homes must have no more than six (6) Residents per Unit; and
4. Adding bedroom(s) and bathroom facilities for non-Residential use:
   In Community Residential Homes, Grant funding may also be used to construct one suite consisting of one additional bedroom and one additional bathroom for family or caregivers or staff, but not for Resident care. Note: If an additional bedroom and/or bathroom is constructed for family or caregivers or staff, it will not increase the Maximum Eligible Funding Award Amount, which is based on the number of Residents stated by the Applicant at question 4.h. of Exhibit A of the RFA.

B. The Development is to be constructed in accordance with the final plans and specifications approved by the authority having jurisdiction, 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. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes.

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, F.S.;
- The Fair Housing Act as implemented by 24 CFR 100 regardless of the age of the Development*; 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.

*To the extent that a Development is not otherwise subject to The Fair Housing Act as implemented by 24 CFR 100, the Development shall nevertheless comply with The Fair Housing Act as implemented by 24 CFR 100 as requirements of the Corporation funding program to the same extent as if the Development were subject to The Fair Housing Act as implemented by 24 CFR 100 in all respects. To that end, when certain construction features standards and requirements are otherwise not applicable due to the age of the building, all Developments receiving Corporation funding will be treated as if they are applicable.

C. The Development must provide the following General and Green Building Features listed below:

1. Termite prevention and pest control throughout the entire Compliance Period;
2. Window covering for each window and glass door inside each unit;
3. 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

RFA 2021-105 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities
(THE BAY HOUSE / 2021-313G)
DESCRIPTION OF FEATURES AND AMENITIES

similar quality available to the Development's residents from a primary provider of cable or satellite TV;

4. Number of full bathrooms in each unit of the proposed Development must be equal to or greater than the number of existing full bathrooms;
5. Installation of a permanent, standby generators. The permanent, standby generator must be purchased from a manufacturer certified distributor that has certified installers who meet the required product and installation specifications; and
6. A full-size range and oven in all Units;
7. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
8. 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;
9. Energy Star certified refrigerator;
10. Energy Star certified dishwasher;
11. Energy Star certified washing machine, if provided;
12. Energy Star certified ventilation fans in all bathrooms; and
13. Minimum SEER of 15 for air conditioners.

D. The Developments must provide the Accessibility, Adaptability, Universal Design and Visitability features listed below:

1. In accordance with the Federal and state accessibility codes required above, all Community Residential Homes and Supported Living Units consisting of Shared Housing must provide accessibility features in all common areas, including the kitchen. In addition, for a Community Residential Home, 50 percent of the Bedrooms and a minimum of one bathroom must be fully accessible, in accordance with the 2010 ADA Standards for Accessible Design. These fully accessible Bedrooms and the fully accessible bathroom(s) shall provide mobility features that comply with the Residential Dwelling Units provision of the 2010 ADA Standards for Accessible Design. At least one of the total Bedrooms shall be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design. The Bedroom(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.
2. For Supported Living Units that consist of Non-Shared Housing, a minimum of 50 percent of the total Units shall be fully accessible in accordance with the 2010 ADA Standards for Accessible Design. These fully accessible Units shall provide mobility features that comply with the Residential Dwelling Units provision of the 2010 ADA Standards for Accessible Design. At least one of the total Units shall 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

RFA 2021-105 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities
(THE BAY HOUSE / 2021-313G)
DESCRIPTION OF FEATURES AND AMENITIES

Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design.

3. The Development must provide an accessible route that meets the 2010 ADA Standards for Accessible Design. A continuous, unobstructed path throughout the site and the building that connects all the accessible features, elements, and spaces shall be provided. This shall include the backyard and all amenities of the Development;
4. The primary entrance door shall have a threshold with no more than a ½-inch rise;
5. Thresholds at doorways of exterior sliding doors shall not exceed ½-inch in height;
6. When a secondary exterior door exits onto decks, patios, or balcony surfaces constructed of impervious materials, such as concrete or asphalt, the accessible route may be interrupted. In this case, the outside landing surface may be dropped a maximum of 4 inches below the floor level of the interior of the dwelling unit to prevent water infiltration at door sills, as allowed in the Fair Housing Act Guidelines;
7. If the exterior surface is constructed of pervious material, such as a wood deck that will drain adequately, that surface must be maintained to within ½-inch of the interior floor level;
8. All exterior doors shall provide a clear opening of not less than 32 inches. This includes the primary entrance door, all sliding glass doors, French doors, other double-leaf doors, doors that open onto private decks, balconies, and patios, and any other exterior doors;
9. All door handles on primary entrance door and interior doors must have lever handles;
10. Interior doorways shall provide a clear opening of not less than 32 inches;
11. All interior doorways must have flush thresholds;
12. Hall widths must be at least 36 inches wide to allow a person in a wheelchair to make a 90 degree turn into or out of a 32" door opening;
13. Lever handles on all bathroom faucets and kitchen sink faucets;
14. Toilets must be 16.5 inches in height as measured from the finished floor to the top of the toilet seat; and
15. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level.

Florida Housing Finance Corporation

Credit Underwriting Report

Casa di Francesco

State Apartment Incentive Loan Program (“SAIL”), Extremely Low Income Loan (“ELI”), National Housing Trust Fund (“NHTF”), 4% Non-Competitive Housing Credits (“HC”), and Viability Funding

RFA 2021-205 (2022-165SN) / 2021-532C
RFA 2023-211 (2023-245V)

SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits / Construction Inflation Response Viability Funding

Section A: Report Summary

Section B: Viability, SAIL, ELI Loan, and NHTF 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

July 6, 2023

Casa di Francesco

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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 $4,300,000, a SAIL Loan in the amount of $3,500,000, an ELI Loan in the amount of $600,000, a NHTF Loan in the amount of $1,090,000, and an annual 4% HC Allocation of $1,912,270 for the construction and permanent financing of Casa di Francesco ("Development").

DEVELOPMENT & SET-ASIDES

Development Name: Casa di Francesco

RFA/Program Numbers: RFA 2021-205 / 2022-165SN 2021-532C RFA 2023-211 / 2023-245V

Address: 4450 County Road 579

City: Seffner, Unincorporated Hillsborough Zip Code: 33584 County: Hillsborough County Size: Large

Development Category: New Construction Development Type: Mid-Rise (4 Stories)

Construction Type: Wood Frame

Demographic Commitment:
Primary: Elderly: 55+ or 62+ for 80% of the Units

Unit Composition:
\# of ELI Units: 14 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 0
\# of Link Units: 7 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 5

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	3	574	22%			$358	$70	$ 288		$ 288	$ 288	$ 288	$ 10,368
1	1.0	2	588	33%			$538	$70	$ 468		$ 468	$ 468	$ 468	$ 11,232
1	1.0	8	680	33%			$538	$70	$ 468		$ 468	$ 468	$ 468	$ 44,928
1	1.0	54	680	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 588,384
1	1.0	24	693	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 261,504
1	1.0	6	696	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 65,376
1	1.0	3	707	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 32,688
2	2.0	2	948	22%			$430	$83	$ 347		$ 347	$ 347	$ 347	$ 8,328
2	2.0	4	948	33%			$645	$83	$ 562		$ 562	$ 562	$ 562	$ 26,976
2	2.0	28	948	60%			$1,174	$83	$ 1,091		$ 1,091	$ 1,091	$ 1,091	$ 366,576
2	2.0	6	961	60%			$1,174	$83	$ 1,091		$ 1,091	$ 1,091	$ 1,091	$ 78,552
		140	105,985											$ 1,494,912

As required by the Federal Fair Housing Act, at least 80% of the total units will be rented to residents that qualify as Elderly.

Veteran Preference in Elderly Developments Commitment: The proposed Development committed to offer a preference to Veterans on occupancy applications and waitlists throughout the 50-year Compliance Period with a goal of at least five percent (5%) of the units (7 units) in the Development being occupied by one or more Veterans. Veteran Households that meet the Link Units or other AMI Set-Aside requirements will also count towards the goal of at least five percent (5%) of the units (7 units) in the Development being occupied by one or more Veterans.

According to Request for Applications 2021-205 (“RFA”), since the Applicant selected 40% of units at 60% Area Median Income (“AMI”) or lower, the Applicant must set aside 10% of the total units (14 units) as ELI set-aside units at 33% or less of the AMI. Persons with Special Needs Set-Aside Commitment: The proposed Development must set aside 50% of the ELI set-aside units (7 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 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 MOU was approved by Florida Housing Finance Corporation (“Florida Housing” or “FHFC”) on November 29, 2022.

NHTF Units Set-Aside Commitment: The proposed Development must set aside 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 12 units targeted for Link Units for Persons with Special Needs (ELI - 7 units, NHTF - 5 units). The Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period.

After 15 years, all of the ELI Set-Aside units (14 units) may convert to serve residents at or below 60% AMI. After 30 years, all of the NHTF Link units (5 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 was approved by FHFC on April 12, 2022.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 148 Accessible Spaces - 12

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
NHTF	3.571%	5	22%	50
SAIL/ELI	10%	14	33%	50
SAIL	90%	126	60%	50
HC	100%	140	60%	50
County Bonds	10%	14	33%	50
County Bonds	90%	126	60%	50
Hillsborough County	3.571%	5	22%	30
Hillsborough County	10.000%	14	33%	30
Hillsborough County	86.429%	121	60%	30

Absorption Rate: 40 units per month for 3.5 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
Occupancy Comments N/A - new construction

DDA: Yes QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 4.18 Density: 33.4928 Flood Zone Designation: X
Zoning: Planned Development (PD) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Blue St. Franics, Ltd.	% Ownership
General Partner	St. Francis of Assisi Housing, Inc	0.0051%
Limited Partner	Blue St. Francis M, LLC	0.0049%
Limited Partner	Raymond James Affordable Housing Investments, Inc. ("RJAHI")	99.99%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Blue St. Franics, Ltd.	
CC Guarantor 2:	St. Francis of Assisi Housing, Inc	
CC Guarantor 3:	Blue St. Francis M, LLC	
CC Guarantor 4:	Weedon Enterprises LLC	
CC Guarantor 5:	Blue CDF Developer, LLC and Blue Sky Communities LLC ("Blue Sky")	
CC Guarantor 6:	CCDOSP Developer, Inc.	
CC Guarantor 7:	James M. Chadwick	
CC Guarantor 8:	Shawn Wilson	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Blue St. Franics, Ltd.	
OD Guarantor 2:	St. Francis of Assisi Housing, Inc	
OD Guarantor 3:	Blue St. Francis M, LLC	
OD Guarantor 4:	Weedon Enterprises LLC	
OD Guarantor 5:	Blue CDF Developer, LLC and Blue Sky	
OD Guarantor 6:	CCDOSP Developer, Inc.	
OD Guarantor 7:	James M. Chadwick	
OD Guarantor 8:	Shawn Wilson	
Bond Purchaser	Fifth Third Commercial Funding, Inc. ("Fifth Third") (Construction) & JPMorgan Chase Bank, N.A. ("JPMorgan Chase") (Construction and Permanent)	
Developer:	Blue CDF Developer, LLC	
Co-Developer:	CCDOSP Developer, Inc.	
General Contractor 1:	BSC P&E LLC	
Management Company:	Carteret Management Corporation ("Carteret")	
Syndicator:	RJAHI	
Bond Issuer:	Housing Finance Authority of Hillsborough County ("HFAHC")	
Architect:	PLACE Architecture	
Market Study Provider:	Colliers International Valuation & Advisory Services ("Colliers")	
Appraiser:	Integra Realty Resources - Tampa Bay ("Integra")	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	6th, 7th, and 8th Sources
Lien Position	First	Second	Third	Fourth	Fifth	Sixth, Seventh, and Eighth
Lender/Grantor	HFAHC / JPMorgan Chase	FHFC - Viability	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF	Hillsborough County
Amount	$5,750,000	$4,300,000	$3,500,000	$600,000	$1,090,000	$6,115,000
Underwritten Interest Rate	5.45%	1.00%	1.00%	0.00%	0.00%	1.00%
Loan Term	15	15	15	15	30	30
Amortization	35	0	0	0	0	0
Market Rate/Market Financing LTV	19%	33%	44%	46%	49%	69%
Restricted Market Financing LTV	55%	97%	130%	136%	147%	205%
Loan to Cost - Cumulative	14%	24%	32%	34%	37%	51%
Loan to Cost - SAIL Only	N/A	N/A	8%	N/A	N/A	N/A
Debt Service Coverage	1.36	1.20	1.09	1.08	1.07	0.96
Operating Deficit & Debt Service Reserves	$318,515					
# of Months covered by the Reserves	2.9					

The chart above shows the total term of the NHTF loan which is 30 years of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period.

Per Rule 67-48 the minimum Debt Service Coverage ("DSC") ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. 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 1.09x.

Deferred Developer Fee	$2,385,289
As-Is Land Value	$1,610,000
Market Rent/Market Financing Stabilized Value	$30,900,000
Rent Restricted Market Financing Stabilized Value	$10,400,000
Projected Net Operating Income (NOI) - Year 1	$545,111
Projected Net Operating Income (NOI) - 15 Year	$568,827
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit (HC) Syndication Price	$0.945
HC Annual Allocation - Initial Award	$1,443,578
HC Annual Allocation - Qualified in CUR	$1,912,270
HC Annual Allocation - Equity Letter of Interest	$1,902,153

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFAHC / Fifth Third / JPMorgan Chase	$20,500,000	$5,750,000	$41,071
FHFC - Viability	FHFC	$4,300,000	$4,300,000	$30,714
FHFC - SAIL	FHFC	$1,331,483	$3,500,000	$25,000
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$4,286
FHFC - NHTF	FHFC	$1,090,000	$1,090,000	$7,786
Local Government Subsidy	Hillsborough County	$6,115,000	$6,115,000	$43,679
HC Equity	RJAHI	$5,392,065	$17,973,548	$128,382
Deferred Developer Fee	Blue CDF Developer, LLC and CCDOSP Developer, Inc.	$2,385,289	$2,385,289	$17,038
TOTAL		$41,713,837	$41,713,837	$297,956

Credit Underwriter: First Housing
Date of Final CUR: 07/06/2023
TDC PU Limitation at Application: $311,900 TDC PU Limitation at Credit Underwriting: $412,322
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?	1-2.	
Are all funding sources the same as shown in the Application?		3-4.
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?		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?		7.

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

1. Since the Application, the Co-Developer changed from Blue Sky Developer, LLC to Blue CDF Developer, LLC. The change to add the special purpose entity was approved by FHFC's staff on July 12, 2022.

2. Since the Application, an officer of St. Francis of Assisi Housing, Inc. retired and was replaced. John Dey replaced Philip P. Signore, which was approved by FHFC's staff on July 12, 2022.

3. Since the Application, the Tax-Exempt Bond amount has increased from $19,000,000 to $20,500,000 and the permanent loan amount has decreased from $10,000,000 to $5,750,000. Further, the following sources have been added; a Viability Loan from FHFC in the amount of $4,300,000 and a Hillsborough County Loan in the amount of $6,000,000.

4. Since the Application, per the Invitation to Enter Credit Underwriting issued by FHFC on March 1, 2022, the Applicant was awarded FHFC NHTF funding in the loan amount of $1,090,000.

5. The Total Development Cost ("TDC") has increased by a total of $11,067,781 from $30,646,056 to $41,713,837 or 36.11% since the Application. This change is mainly due to an increase in construction costs.

6. Since the Application, the syndication rate has increased from $0.92 to $0.945.

7. The Applicant submitted a Rule waiver request to increase the hard cost contingency amount from 5.00%, as permitted by the RFA and Rule Chapters 67-48 and 67-21, F.A.C. to 7.00% which was approved by FHFC's staff on June 21, 2023.

8. Since the Application, the contact address changed from 5300 West Cypress Street, Suite 200, Tampa, FL 33607 to 180 Franklin Parkway N. Suite 100, St. Petersburg, FL 33716.

The above changes have no substantial material impact to the Viability, SAIL, ELI, NHTF, 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 May 24, 2023, the Development has the following noncompliance item(s) not in the correction period:

- None

According to the FHFC Past Due Report, dated May 25, 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 closing, and the issuance of the annual HC allocation recommended herein, 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.

3. According to the Market Study, there are only two restricted properties with an elderly demographic located within five miles of the Development, with a weighted occupancy rate of 99.5%. The Development has a capture rate of 8.88% and a penetration rate of 32.6%, indicating there is demand for additional restricted units.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

1. According to the RFA, 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 dated June 6, 2023 to increase the hard cost contingency amount from 5.00%, as permitted by the RFA and Rule Chapters 67-48 and 67-21, F.A.C., to 7.00%. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve contingency reserve increases upon recommendations by the credit underwriter. First Housing recommends that FHFC approve the contingency of 7.00% which was approved by FHFC's staff on June 21, 2023.

<u>Issues and Concerns:</u>

1. First Housing received a Statement of Financial Affairs, dated April 19, 2023, which indicates that James Chadwick has been part of an entity which has filed for bankruptcy and has been part of a deed in lieu of foreclosure on four separate occasions.

<u>Mitigating Factors</u>:

1. All of the deed in lieu of foreclosures happened prior to June 2011 and none of the developments were affordable housing developments, which meets the requirements of Rule Chapters 67-48 and 67-21. First Housing is not aware of any other arrearages or material defaults outstanding at this time.

<u>Additional Information</u>:

1. The Development has applied to the Housing Finance Authority of Hillsborough County for Tax-Exempt Multifamily Mortgage Revenue Bonds ("MMRB" or "Bonds"). Fifth Third will purchase a portion of the Bonds in the estimated amount of $12,500,000 which will be privately placed and JPMorgan Chase will purchase $8,000,000 in Bonds that will be privately placed for a total Bond amount of $20,500,000.

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 2021-205, exclusive of land costs and Operating Deficit Reserves ("ODR"), of $412,322 per unit for a new construction, mid-rise (4 stories) Development located in Hillsborough County which includes a $7,500 per

unit add on for tax-exempt bonds. The Development's per unit TDC, less land costs and ODR is $284,966.58 per unit, which meets the TDC requirement.

3. The Applicant is required to provide a certification executed by the General Contractor for compliance with debarment and suspension regulations. First Housing has been in receipt of this certification.

4. The Applicant is required to comply with the HUD environmental requirements as provided in 24 CFR 93.301(f)(1) and (2). First Housing received the Housing Trust Fund Environmental Review, dated September 12, 2022, prepared by Arcadis U.S., Inc. ("Arcadis"). Based on the results of the completed Housing Trust Fund Checklist, Arcadis finds the Development to be in compliance with the Property Standards a 24 CFR 93.301(f)1 for new construction.

5. The Applicant is required to provide evidence demonstrating that the Development is consistent with the applicable Consolidated Plan. First Housing has been in receipt of this certification.

6. The Applicant has summited the Affirmative Fair Housing Marketing Plan.

Recommendation:

First Housing recommends a Viability Loan in the amount of $4,300,000, and a SAIL Loan in the amount of $3,500,000, an ELI Loan in the amount of $600,000, a NHTF Loan in the amount of $1,090,000, and an annual HC Allocation of $1,912,270 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 Viability, SAIL, ELI Loan, and NHTF 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:	Reviewed by:
Stephanie Petty	Ed Busansky
Senior Credit Underwriter	Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Local HFA Bonds	HFAHC / Fifth Third / JPMorgan Chase	$19,000,000	$20,500,000	$20,500,000	8.30%	$1,702,500
FHFC - Viability	FHFC	$0	$4,300,000	$4,300,000	1.00%	$43,000
FHFC - SAIL	FHFC	$3,500,000	$3,500,000	$1,331,483	1.00%	$13,315
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	0.00%	$0
FHFC - NHTF	FHFC	$0	$1,090,000	$1,090,000	0.00%	$0
Local Government Subsidy	Hillsborough County	$115,000	$6,115,000	$6,115,000	1.00%	$61,150
HC Equity	RJAHI	$4,027,180	$5,392,064	$5,392,065	N/A	N/A
Deferred Developer Fee	Blue CDF Developer, LLC and CCDOSP Developer, Inc.	$4,000,000	$4,793,727	$2,385,289	N/A	N/A
Total		$31,242,180	$46,290,791	$41,713,837		$1,819,965

First Mortgage:

The construction first mortgage debt will include the origination of Tax-Exempt Bonds in the total amount of $20,500,000 to be issued by HFAHC. The proceeds of which will fund a construction loan from Fifth Third in the amount of $12,500,000 and a construction loan from JPMorgan Chase in the amount of $8,000,000. It is anticipated there will be two mortgages and two notes.

First Housing has received a letter, dated May 4, 2023, which indicates that Fifth Third will provide a construction loan in an amount equal to the least of: $12,500,000, an amount not to exceed 80% Loan to Value based on the value of the LIHTCs plus the "As Stabilized" appraised value, and 65% Loan to Cost. The loan will require interest only payments for the term of the loan, which is expected to be for 24 months from the loan closing. A six-month extension option is available subject to approval from Fifth Third. The interest rate of the construction loan will be a floating rate based on the Term Secured Overnight Financing Rate ("SOFR") for a one-month period as published by CME Group, Inc. plus a 2.35% spread. The construction loan interest is based on the one-month Term SOFR rate of 5.15% (as of June 5, 2023), a spread of 2.35%, plus a 1.00% underwriting cushion for an all-in rate of 8.50%.

First Housing has received a letter, dated June 6, 2023, which indicates that JPMorgan Chase will provide a construction loan in the amount of $8,000,000. The loan will require interest only payments for the term of the loan, which is expected to be for 24 months from the loan closing. A six-month extension option is available subject to approval from JPMorgan Chase. The interest rate of the construction loan will be a floating rate based on the one-month Term SOFR, subject to a floor of 3%, plus a 1.85% spread. The construction loan interest is based on the one-month

Term SOFR rate of 5.15% (as of June 5, 2023), a spread of 1.85%, plus a 1.00% underwriting cushion for an all-in rate of 8.00%.

First Housing has estimated an overall blended interest rate of 8.30% on the total construction loan.

The annual HFAHC Issuer Fee is the greater of $20,000 or 20 bps of the outstanding principal amount and the Trustee Fee of $4,500 are included in the Uses section of this report.

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 $4,300,000. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan in the amount of $4,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing for a total term of 17.5 years, of which 2.5 years is for the construction/stabilization period and 15 years is for the 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.

FHFC SAIL, ELI, NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of $3,500,000, a preliminary ELI loan in the amount of $600,000, and a preliminary NHTF Loan in the amount of $1,090,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 17.5 years, of which 2.5 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL 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 SAIL Loan, all principal and unpaid interest will be due. In order to balance sources and uses, First Housing is estimating a SAIL loan of $1,331,483 during construction.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 17.5 years, which 2.5 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender, the ELI Loan term will be coterminous with the first mortgage and permitted by the RFA. 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.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. 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 commitments must be maintained throughout the entire 50-year Compliance Period. The principal 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.

<u>Hillsborough County:</u>

First Housing received a Notice of Intent to Award RFQ 23281, posted September 16, 2022, which shows a total award amount of $6,000,000 to Blue Sky Communities LLC. According to an email from Hillsborough County, dated June 5, 2023, the Development is being funded with $4,000,000 in HOME funds and $2,000,000 in HOPE funds. The Loans will bear interest at 1% paid from net cash flow. The term will be 30 years, with an affordability period of 50 years. It is anticipated there will be two mortgages and two notes.

First Housing received a Local Government Verification of Contribution – Loan Form, indicating Hillsborough County has committed $115,000 to the Applicant for its sole use for assisting the Development. According to an email from Hillsborough County, dated June 5, 2023, the Loan will bear interest at 1% paid from net cash flow. The term will be 30 years, with an affordability period of 50 years.

<u>Housing Credit Equity</u>:

First Housing has reviewed a letter, dated July 5, 2023, indicating a Fund sponsored by RJAHI will acquire 99.99% ownership interest in the Applicant. According to the letter, the annual HC allocation is estimated to be in the amount of $1,902,153 and a syndication rate of $0.945 per dollar. RJAHI anticipates a new capital contribution of $17,973,548 and has committed to make available 30.00% or $5,392,065 of the total net equity during the construction period. Please note, the letter states $5,392,064 but the contributions add to $5,392,065. Four additional installments will be available at construction completion, stabilization, and upon receipt of the Form 8609. The first installment, in the amount of $2,696,033 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 $2,385,289 or approximately 39.19% of the total Developer Fee of $6,085,727.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Regulated Mortgage Lender	HFAHC / JPMorgan Chase	$10,000,000	$5,750,000	$5,750,000	15	35	5.45%	$368,284
FHFC - Viability	FHFC	$0	$4,300,000	$4,300,000	15	0	1.00%	$43,000
FHFC - SAIL	FHFC	$3,500,000	$3,500,000	$3,500,000	15	0	1.00%	$35,000
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	15	0	0.00%	$0
FHFC - NHTF	FHFC	$0	$1,090,000	$1,090,000	30	0	0.00%	$0
Local Government Subsidy	Hillsborough County	$115,000	$6,115,000	$6,115,000	30	0	1.00%	$15,000
HC Equity	RJAHI	$13,423,932	$17,973,546	$17,973,548	N/A	N/A	N/A	N/A
Deferred Developer Fee	Blue CDF Developer, LLC and CCDOSP Developer, Inc.	$4,000,000	$1,998,164	$2,385,289	N/A	N/A	N/A	N/A
Total		$31,638,932	$41,326,710	$41,713,837				$461,284

<u>First Mortgage:</u>

First Housing has received a letter, dated June 6, 2023, which indicates that JPMorgan Chase will provide a construction loan in the amount of $8,000,000. Upon meeting the conditions required for the permanent period, the JPMorgan Chase Construction Loan will convert to a tax-exempt permanent loan in an amount not to exceed $5,750,000. The term is 15 years with a 35-year amortization period. The interest rate will be locked at closing of the construction loan and is currently estimated to be the 10-year Swap plus a spread of 2.00%. According the letter, the current indicative rate is 5.45% as of June 6, 2023.

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Financial Monitoring Fee, an annual Issuer Fee of the greater of $20,000 or 20 bps, 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 on 4 bps, with a minimum annual fee of $3,432. The annual Financial Monitoring Fee is based on 1.5 bps of the outstanding loan amount, with a minimum of $2,244 per annuum.

<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 $4,300,000. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan in the amount of $4,300,000.

The Viability Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing for a total term of 17.5 years, of which 2.5 years is for the construction/stabilization period and 15 years is for the 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 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, ELI, and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of $3,500,000, a preliminary ELI loan in the amount of $600,000, and a preliminary NHTF Loan in the amount of $1,090,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 17.5 years, of which 2.5 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL 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 SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 17.5 years, which 2.5 years is for the construction/stabilization period and 15 years is for the permanent period. As required by the first mortgage lender, the ELI Loan term will be coterminous with the first mortgage and permitted by the RFA. 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.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. 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 commitments must be maintained throughout the entire 50-year Compliance Period. The principal 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.

For each of the SAIL, ELI, and NHTF 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.

Hillsborough County:

First Housing received a Notice of Intent to Award RFQ 23281, posted September 16, 2022, which shows a total award amount of $6,000,000 to Blue Sky Communities LLC. According to an email from Hillsborough County, dated June 5, 2023, the Development is being funded with $4,000,000 in HOME funds and $2,000,000 in HOPE funds. The Loans will bear interest at 1% paid from net cash flow. The term will be 30 years, with an affordability period of 50 years. It is anticipated there will be two mortgages and two notes.

First Housing received a Local Government Verification of Contribution – Loan Form, indicating Hillsborough County has committed $115,000 to the Applicant for its sole use for assisting the Development. According to an email from Hillsborough County, dated June 5, 2023, the Loan will bear interest at 1% paid from net cash flow. The term will be 30 years, with an affordability period of 50 years.

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 July 5, 2023, a fund sponsored by RJAHI will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$2,696,033	15.00%	Closing
2nd Installment	$2,696,032	15.00%	50% Construction Completion
3rd Installment	$2,696,032	15.00%	Construction Completion tranche 1
4th Installment	$1,078,413	6.00%	Construction Completion tranche 2
5th Installment	$8,707,038	48.44%	Project stabilization
6th Installment	$100,000	0.56%	Receipt of 8609s
Total	$17,973,548	100.00%	

Annual Credit Per Syndication Agreement	$1,902,153
Calculated HC Exchange Rate	$0.945
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$5,392,065

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $2,385,289 or approximately 39.19% of the total Developer Fee of $6,085,727. 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
New Rental Units	$15,912,000	$19,804,028	$19,804,028	$141,457	$255,545
Off-Site Work	$0	$150,000	$150,000	$1,071	$150,000
Site Work	$1,300,000	$2,256,806	$2,256,806	$16,120	$457,976
Constr. Contr. Costs subject to GC Fee	$17,212,000	$22,210,834	$22,210,834	$158,649	$863,521
General Conditions	$2,409,680	$1,332,649	$1,332,649	$9,519	$0
Overhead		$444,216	$444,216	$3,173	$0
Profit		$1,332,649	$1,332,649	$9,519	$0
Total Construction Contract/Costs	$19,621,680	$25,320,348	$25,320,348	$180,860	$863,521
Hard Cost Contingency	$981,084	$1,772,424	$1,772,424	$12,660	$0
PnP Bond paid outside Constr. Contr.	$0	$164,582	$164,582	$1,176	$0
FF&E paid outside Constr. Contr.	$0	$171,100	$171,100	$1,222	$0
Total Construction Costs:	**$20,602,764**	**$27,428,454**	**$27,428,454**	**$195,918**	**$863,521**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated May 9, 2023, in the amount of $25,320,348. This is a Standard Form of Agreement between Owner, Blue St. Franics, Ltd. and Contractor, BSC P&E, LLC 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 421 days from the date of commencement. 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, unless the Owner determines in its sole discretion that the quality of the Work is less than that required by the Contract Documents or that the Development is not on schedule to be completed within the Contact Time, at which time the Owner may decline to reduce retainage or reinstate retainage at 10% of subsequent progress payments.

2. The ineligible cost of $255,545 is the cost of purchasing washer/dyers, since the Applicant will be renting the washers/dryers to the residents.

3. According to an email from a representative of the Applicant, the off-site costs is the estimate for roughly 1,400 lineal feet of Mango Rd/County Rd. 579 right of way improvements.

4. According to the GC Contract there are no Allowances.

5. The 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.

6. First Housing has received the GC Section 3 contract requirements.

7. On June 6, 2023, the Applicant submitted a request to FHFC to increase the Hard Cost Contingency from 5% to 7%, which is reflected above. A maximum Hard Cost Contingency of 5% of the total construction costs for new developments is required by the RFA and Rule Chapters 67-48 and 67-21. Due to the recent immigration strikes and implications of the new immigration law is causing issues in the subcontractor labor market. General Contractors have indicated this could have a negative impact on subcontractor pricing for deals not currently under construction. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve contingency reserve increases upon recommendations by the credit underwriter. First Housing recommends that FHFC approve the contingency of 7%.

8. The Applicant 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	HC Ineligible Costs - CUR
Accounting Fees	$40,000	$30,000	$30,000	$214	$15,000
Appraisal	$6,000	$6,500	$6,500	$46	$0
Architect's Fee - Site/Building Design	$280,000	$486,370	$486,370	$3,474	$0
Architect's Fee - Supervision	$75,000	$123,100	$123,100	$879	$0
Building Permits	$164,822	$209,900	$209,900	$1,499	$0
Engineering Fees	$112,000	$124,200	$124,200	$887	$0
Environmental Report	$12,000	$6,125	$6,125	$44	$0
FHFC Administrative Fees	$129,914	$168,390	$172,104	$1,229	$172,104
FHFC Application Fee	$3,000	$3,500	$3,500	$25	$3,500
FHFC Credit Underwriting Fee	$30,000	$30,051	$31,945	$228	$31,945
FHFC Compliance Fee	$232,585	$232,585	$252,128	$1,801	$252,128
Impact Fee	$45,942	$60,210	$60,210	$430	$0
Lender Inspection Fees / Const Admin	$60,000	$60,000	$60,000	$429	$0
Green Building Cert. (LEED, FGBC, NAHB)	$35,000	$24,500	$24,500	$175	$0
Insurance	$360,000	$915,000	$915,000	$6,536	$310,185
Legal Fees - Organizational Costs	$250,000	$205,000	$205,000	$1,464	$51,250
Market Study	$6,000	$6,000	$4,000	$29	$4,000
Marketing and Advertising	$15,000	$25,000	$25,000	$179	$25,000
Plan and Cost Review Analysis	$0	$3,200	$3,300	$24	$0
Property Taxes	$22,638	$27,597	$27,597	$197	$13,799
Soil Test	$25,000	$38,680	$38,680	$276	$0
Survey	$25,000	$22,620	$22,620	$162	$0
Title Insurance and Recording Fees	$115,000	$155,000	$155,000	$1,107	$31,000
Utility Connection Fees	$238,000	$698,010	$698,010	$4,986	$0
Soft Cost Contingency	$136,016	$205,611	$184,239	$1,316	$0
Other:	$437,425	$0	$0	$0	$0
Total General Development Costs:	**$2,856,342**	**$3,867,149**	**$3,869,028**	**$27,636**	**$909,911**

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: FHFC Credit Underwriting, Market Study, and Plan and Cost Review Analysis.

3. The FHFC Administrative Fee is based on 9% of the recommended annual 4% Housing Credit allocation.

4. The FHFC Credit Underwriting Fee includes an underwriting fee of $24,905, a Subsidy Layering Review ("SLR") fee of $1,894, and a Viability underwriting fee of $5,146.

5. FHFC Compliance Fee of $252,128 is based on the 2023 compliance fee calculator spreadsheet provided by FHFC.

6. The Applicant provided a Professional Services Proposal NGBS Administration + Verification services for Casa di Francesco, dated March 7, 2022, from Abney + Abney Green Solutions.

7. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed for new construction developments by the RFA and Rule Chapters 67-48 and 67-21.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Commitment Fee	$231,000	$153,750	$153,750	$1,098	$0
Construction Loan Interest	$694,688	$1,350,000	$1,589,000	$11,350	$635,600
Permanent Loan Commitment Fee	$75,000	$43,125	$43,125	$308	$43,125
Local HFA Bond Underwriting Fee	$0	$0	$16,489	$118	$16,489
Local HFA Bond Trustee Fee	$0	$0	$7,500	$54	$7,500
Local HFA Bond Cost of Issuance	$275,000	$300,000	$254,055	$1,815	$254,055
Local HFA Bond Closing Costs	$0	$0	$103,293	$738	$103,293
SAIL Commitment Fee	$0	$35,000	$35,000	$250	$35,000
SAIL Closing Costs	$0	$40,000	$12,500	$89	$12,500
SAIL-ELI Commitment Fee	$0	$6,000	$6,000	$43	$6,000
SAIL-ELI Closing Costs	$0	$0	$6,500	$46	$6,500
NHTF Closing Costs	$0	$0	$12,500	$89	$12,500
Legal Fees - Financing Costs	$0	$115,000	$115,000	$821	$57,500
Other: Lender App Fees	$50,000	$50,000	$50,000	$357	$50,000
Other: FHFC Viability Comitment Fee	$0	$43,000	$43,000	$307	$43,000
Other: FHFC Viability Closing Costs	$0	$0	$12,500	$89	$12,500
Other: FHFC Extension Fees	$0	$51,900	$51,900	$371	$51,900
Total Financial Costs:	**$1,325,688**	**$2,187,775**	**$2,512,112**	**$17,944**	**$1,347,462**
Dev. Costs before Acq., Dev. Fee & Reserves	**$24,784,794**	**$33,483,378**	**$33,809,595**	**$241,497**	**$3,120,894**

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on 0.75% of the construction loan amount.

2. The Construction Loan Interest of $1,589,000 is based on a blended interest rate of 8.30%, a 20-month term, and an average outstanding loan balance of 56%. The GC Contract

specifies a substantial completion of not later than 421 calendar days (or approximately 14 months) and considering a 6-month lease-up, First Housing has estimated that a construction term of 20-months is reasonable.

3. The Permanent Loan Commitment Fee is based on 0.75% of the permanent loan amount.

4. The Local HFA Bond Underwriting Fee includes a Credit Underwriting Fee of $16,489.

5. First Housing received a COI estimate from the Placement Agent.

6. The Local HFA Bond Trustee Fee includes an Annual Fiscal Agent Fee of $4,500 for 20 months.

7. Local HFA Bond Closing Costs includes 20 months of HFAHC's Administrative Fee equal to 20 basis points of the principal amount of the Bonds and a Short-Term Bond Redemption Fee of 0.23% on the redemption of $15,200,000.

8. SAIL Commitment Fee is based on 1% of the SAIL Loan.

9. ELI Commitment Fee is based on 1% of the ELI Loan.

10. First Housing included FHFC closing costs of $6,500 for the ELI loan and $12,500 for each of the Viability, SAIL, and NHTF loans for FHFC legal counsel fees.

11. The Viability Commitment Fee is based on 1% of the Viability Loan.

12. The FHFC Extension Fees of $51,900 includes a 1% extension fee of the SAIL, ELI, and NHTF Loans.

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**

Notes to the 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	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	$4,461,262	$6,027,008	$6,085,727	$43,469	$0
Total Other Development Costs:	**$4,461,262**	**$6,027,008**	**$6,085,727**	**$43,469**	**$0**

Notes to the Other Development Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee, land, 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	$1,400,000	$1,400,000	$1,400,000	$10,000	$1,400,000
Total Acquisition Costs:	**$1,400,000**	**$1,400,000**	**$1,400,000**	**$10,000**	**$1,400,000**

Notes to Acquisition Costs:

1. First Housing received a Vacant Land Contract, dated September 15, 2021, between Gregory L. Parkes, as Bishop of the Diocese of St. Petersburg, Florida, a corporation sole ("Seller") and Blue Sky Communities LLC ("Buyer"). According to the contract, the purchase price is $1,400,000, with a closing date of May 30, 2023, with six, one-month extensions. First Housing received an Assignment of Vacant Land Contract, dated October 7, 2021, where Blue Sky Communities LLC ("Assignor") assigns all of its right, title, and interest as Buyer under the Vacant Land Contract to Blue St. Franics, Ltd. (Assignee"). First Housing received an Extension of Vacant Land Contract, dated April 25, 2023, where the Buyer has requested for the closing date to be extended from May 30, 2023 to November 30, 2023 as allowed under the Contract.

2. First Housing reviewed an Appraisal of the Development prepared by Integra, dated June 5, 2023, which concluded to a market value "as is" of the fee simple interest in the Development, as of May 18, 2023 of $1,610,000, which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	$0	$316,324	$318,515	$2,275	$318,515
Reserves - Start-Up/Lease-up Expenses	$0	$100,000	$100,000	$714	$100,000
Total Reserve Accounts:	**$0**	**$416,324**	**$418,515**	**$2,989**	**$418,515**

Notes to Reserve Accounts:

1. Based on a letter, dated May 24, 2023, RJAHI will require an Operating Deficit Reserve ("ODR") of $318,515. 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 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 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 Chapters 67-21 and 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:	**$30,646,056**	**$41,326,710**	**$41,713,837**	**$297,956**	**$4,939,409**

Notes to Total Development Costs:

1. Total Development Costs have increased by a total of $11,067,781 from $30,646,056 to $41,713,837 or 36.11% since the Application. This change is mainly due to an increase in construction costs.

Operating Pro Forma – Casa di Francesco

FINANCIAL COSTS:			Year 1	Year 1 Per Unit
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income		$1,494,912	$10,678
	Other Income			
	Miscellaneous		$28,000	$200
	Washer/Dryer Rentals		$29,400	$210
	Gross Potential Income		$1,552,312	$11,088
	Less:			
	Physical Vac. Loss	Percentage: 4.00%	$62,092	$444
	Collection Loss	Percentage: 1.00%	$15,523	$111
Total Effective Gross Income			$1,474,696	$10,534
EXPENSES:	Fixed:			
	Real Estate Taxes		$12,351	$88
	Insurance		$196,000	$1,400
	Variable:			
	Management Fee	Percentage: 5.00%	$73,735	$527
	General and Administrative		$63,000	$450
	Payroll Expenses		$266,000	$1,900
	Utilities		$112,000	$800
	Marketing and Advertising		$10,500	$75
	Maintenance and Repairs/Pest Control		$154,000	$1,100
	Reserve for Replacements		$42,000	$300
Total Expenses			$929,586	$6,640
Net Operating Income			$545,111	$3,894
Debt Service Payments				
	First Mortgage - HFAHC/JPMorgan Chase		$368,284	$2,631
	Second Mortgage - FHFC Viability		$43,000	$307
	Third Mortgage - FHFC SAIL		$35,000	$250
	Fourth Mortgage - FHFC SAIL ELI		$0	$0
	Fifth Mortgage - FHFC NHTF		$0	$0
	All Other Mortgages - Hillsborough County		$61,150	$437
	First Mortgage Fees - HFAHC		$32,988	$236
	Second Mortgage Fees - FHFC Viability		$10,750	$77
	Third Mortgage Fees - FHFC SAIL		$9,773	$70
	Fourth Mortgage Fees - FHFC SAIL ELI		$3,855	$28
	Fifth Mortgage Fees - FHFC NHTF		$3,855	$28
Total Debt Service Payments			$568,655	$4,062
Cash Flow after Debt Service			-$23,544	-$168
Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees		1.36x	
	DSC - Second Mortgage plus Fees		1.20x	
	DSC - Third Mortgage plus Fees		1.09x	
	DSC - Fourth Mortgage plus Fee		1.08x	
	DSC - Fifth Mortgage plus Fees		1.07x	
	DSC - All Mortgages and Fees		0.96x	
Financial Ratios				
	Operating Expense Ratio		63.04%	
	Break-even Economic Occupancy Ratio (all debt)		96.77%	

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with SAIL, ELI, and NHTF, which will impose rent restrictions. The rent levels are based on the 2023 maximum LIHTC rents published on FHFC's website for Hillsborough County less the applicable utility allowance. Below is the rent roll for the Development:

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	3	574	22%			$358	$70	$ 288		$ 288	$ 288	$ 288	$ 10,368
1	1.0	2	588	33%			$538	$70	$ 468		$ 468	$ 468	$ 468	$ 11,232
1	1.0	8	680	33%			$538	$70	$ 468		$ 468	$ 468	$ 468	$ 44,928
1	1.0	54	680	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 588,384
1	1.0	24	693	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 261,504
1	1.0	6	696	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 65,376
1	1.0	3	707	60%			$978	$70	$ 908		$ 908	$ 908	$ 908	$ 32,688
2	2.0	2	948	22%			$430	$83	$ 347		$ 347	$ 347	$ 347	$ 8,328
2	2.0	4	948	33%			$645	$83	$ 562		$ 562	$ 562	$ 562	$ 26,976
2	2.0	28	948	60%			$1,174	$83	$ 1,091		$ 1,091	$ 1,091	$ 1,091	$ 366,576
2	2.0	6	961	60%			$1,174	$83	$ 1,091		$ 1,091	$ 1,091	$ 1,091	$ 78,552
		140	105,985											$ 1,494,912

2. The Utility Allowances are based on an Energy Consumption Model ("ECM") Utility Allowance Estimate which was approved by FHFC on December 8, 2022, for Credit Underwriting Purposes.

3. The appraisal included a vacancy and collection loss rate of 5%, which First Housing found acceptable.

4. The Appraisal projected Miscellaneous Income of $28,000 which is comprised of revenue from vending machines, late charges, forfeited security deposits, and other miscellaneous sources.

5. The Applicant intends to rent washer/dryers to the residents. The penetration rate is projected at 50% with a monthly rate of $35, which the Appraiser found to be acceptable.

6. 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.

7. 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. The Appraisal projected $12,351 in non-ad valorem and person property taxes that are not exempt.

8. First Housing has received an executed Management Agreement, dated August 10, 2022, between Carteret Management Corporation and Blue St. Franics, Ltd. During the initial 6 months of the initial Term, Carteret shall receive a fee that equates to the greater of $2,000 a month or 5% of gross revenues collected during the current month. After the initial six months, the compensation fee shall be a fee equal to 5% of gross revenues collected during the current month. In addition, Carteret will charge a monthly fee for bookkeeping and computer services equal to the lesser of actual costs or $1,050 per month. First Housing has used a management fee of 5%.

9. The landlord will pay for water, sewer, trash, and common area electric. The tenant will be responsible for electricity, cable, and internet.

10. Replacement Reserves of $300 per unit per year are required which meets the RFA and Rules 67-21 and 67-48 minimum requirement.

11. 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%.

12. The Break-even Economic Occupancy Ratio includes all debt; however, payments interest on the Viability, SAIL and Hillsborough County loans are based on available cash flow. This ratio would improve to 87.80% if the these interest payments were not included.

Section B

Viability, SAIL, ELI Loan, and NHTF 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 Viability, SAIL, ELI, and NHTF closing date.

1. Firm Commitment from Fifth Third (construction financing) and JPMorgan Chase (construction and permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

2. Final loan documents for the sixth, seventh, and eighth construction/permanent mortgages with terms which 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 of a final Plan and Cost Analysis.

5. Satisfactory receipt of a final Appraisal.

6. A real estate counsel's opinion letter verifying the proposed organizational structure meets the requirements under Florida Statute 196.1975.

7. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing.

8. Completion of the HUD Section 3 pre-construction conference.

9. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 170lu and 24CFR Part 135).

10. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. 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 1.09x.

11. 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 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. 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 Cost, unless approved by First Housing. NHTF Loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the NHTF 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.

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 Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.

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. 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.

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 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.

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 420.5087, Florida Statutes, Rule Chapter 67-21, F.A.C. (Non-Competitive 4% Housing Credits), Rule 67-48 F.A.C. (SAIL), Rule Chapter 67-53, F.A.C., Rule Chapter 67-60 F.A.C., RFA 2021-205, RFA 2023-211, Section 42 I.R.C. (Housing Credits), and any other State or 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, 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 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 combined permanent first mortgage and 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.

7. 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, 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.

8. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

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

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 $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 Chapters 67-21 and 67-48 F.A.C., in the amount of $42,000 (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 $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 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 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 the RFA and Rule Chapters 67-48 and 67-21 minimum requirements.

14. Closing of all funding sources prior to or simultaneous with the Viability, SAIL, ELI, and NHTF 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 $1,912,270. 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. Closing of all funding sources prior to or simultaneous with the Viability, SAIL, ELI, and NHTF loans.

2. Purchase of the HC's by RJAHI or an affiliate, under terms consistent with assumptions of this report.

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

4. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

5. 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	$1,494,912	$1,524,810	$1,555,306	$1,586,413	$1,618,141	$1,650,504	$1,683,514	$1,717,184	$1,751,528	$1,786,558	$1,822,289	$1,858,735	$1,895,910	$1,933,828	$1,972,505
Other Income															
Miscellaneous	$28,000	$28,560	$29,131	$29,714	$30,308	$30,914	$31,533	$32,163	$32,806	$33,463	$34,132	$34,814	$35,511	$36,221	$36,945
Washer/Dryer Rentals	$29,400	$29,988	$30,588	$31,200	$31,824	$32,460	$33,109	$33,771	$34,447	$35,136	$35,838	$36,555	$37,286	$38,032	$38,793
Gross Potential Income	$1,552,312	$1,583,358	$1,615,025	$1,647,326	$1,680,272	$1,713,878	$1,748,155	$1,783,119	$1,818,781	$1,855,157	$1,892,260	$1,930,105	$1,968,707	$2,008,081	$2,048,243
Less:															
Physical Vac. Loss Percentage: 4.00%	$62,092	$63,334	$64,601	$65,893	$67,211	$68,555	$69,926	$71,325	$72,751	$74,206	$75,690	$77,204	$78,748	$80,323	$81,930
Collection Loss Percentage: 1.00%	$15,523	$15,834	$16,150	$16,473	$16,803	$17,139	$17,482	$17,831	$18,188	$18,552	$18,923	$19,301	$19,687	$20,081	$20,482
Total Effective Gross Income	$1,474,696	$1,504,190	$1,534,274	$1,564,960	$1,596,259	$1,628,184	$1,660,748	$1,693,963	$1,727,842	$1,762,399	$1,797,647	$1,833,600	$1,870,272	$1,907,677	$1,945,831
EXPENSES:															
Fixed:															
Real Estate Taxes	$12,351	$12,722	$13,103	$13,496	$13,901	$14,318	$14,748	$15,190	$15,646	$16,115	$16,599	$17,097	$17,610	$18,138	$18,682
Insurance	$196,000	$201,880	$207,936	$214,174	$220,600	$227,218	$234,034	$241,055	$248,287	$255,736	$263,408	$271,310	$279,449	$287,833	$296,468
Variable:															
Management Fee Percentage: 5.00%	$73,735	$75,210	$76,714	$78,248	$79,813	$81,409	$83,037	$84,698	$86,392	$88,120	$89,882	$91,680	$93,514	$95,384	$97,292
General and Administrative	$63,000	$64,890	$66,837	$68,842	$70,907	$73,034	$75,225	$77,482	$79,807	$82,201	$84,667	$87,207	$89,823	$92,518	$95,293
Payroll Expenses	$266,000	$273,980	$282,199	$290,665	$299,385	$308,367	$317,618	$327,146	$336,961	$347,070	$357,482	$368,206	$379,252	$390,630	$402,349
Utilities	$112,000	$115,360	$118,821	$122,385	$126,057	$129,839	$133,734	$137,746	$141,878	$146,135	$150,519	$155,034	$159,685	$164,476	$169,410
Marketing and Advertising	$10,500	$10,815	$11,139	$11,474	$11,818	$12,172	$12,538	$12,914	$13,301	$13,700	$14,111	$14,534	$14,970	$15,420	$15,882
Maintenance and Repairs/Pest Control	$154,000	$158,620	$163,379	$168,280	$173,328	$178,528	$183,884	$189,401	$195,083	$200,935	$206,963	$213,172	$219,567	$226,154	$232,939
Reserve for Replacements	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$43,260	$44,558	$45,895	$47,271	$48,690
Total Expenses	$929,586	$955,476	$982,128	$1,009,565	$1,037,809	$1,066,886	$1,096,818	$1,127,632	$1,159,354	$1,192,011	$1,226,890	$1,262,798	$1,299,765	$1,337,823	$1,377,004
Net Operating Income	$545,111	$548,714	$552,146	$555,395	$558,449	$561,298	$563,930	$566,330	$568,488	$570,388	$570,757	$570,802	$570,507	$569,854	$568,827
Debt Service Payments															
First Mortgage - HFAHC/JPMorgan Chase	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284	$368,284
Second Mortgage - FHFC Viability	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000	$43,000
Third Mortgage - FHFC SAIL	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000	$35,000
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
All Other Mortgages - Hillsborough County	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150	$61,150
First Mortgage Fees - HFAHC	$32,988	$33,158	$33,332	$33,512	$33,698	$33,889	$34,086	$34,288	$34,497	$34,712	$34,933	$35,161	$35,396	$35,638	$35,887
Second Mortgage Fees - FHFC Viability	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750	$10,750
Third Mortgage Fees - FHFC SAIL	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773	$9,773
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	$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	$568,655	$568,824	$568,999	$569,179	$569,365	$569,556	$569,752	$569,955	$570,164	$570,379	$570,600	$570,828	$571,063	$571,305	$571,554
Cash Flow after Debt Service	-$23,544	-$20,110	-$16,853	-$13,785	-$10,915	-$8,257	-$5,823	-$3,624	-$1,676	$9	$157	-$26	-$556	-$1,451	-$2,727
Debt Service Coverage Ratios															
DSC - First Mortgage plus Fees	1.36	1.37	1.37	1.38	1.39	1.40	1.40	1.41	1.41	1.42	1.42	1.41	1.41	1.41	1.41
DSC - Second Mortgage plus Fees	1.20	1.21	1.21	1.22	1.23	1.23	1.24	1.24	1.25	1.25	1.25	1.25	1.25	1.25	1.24
DSC - Third Mortgage plus Fees	1.09	1.10	1.10	1.11	1.12	1.12	1.13	1.13	1.13	1.14	1.14	1.14	1.14	1.13	1.13
DSC - Fourth Mortgage plus Fee	1.08	1.09	1.10	1.10	1.11	1.11	1.12	1.12	1.13	1.13	1.13	1.13	1.13	1.13	1.12
DSC - Fifth Mortgage plus Fees	1.07	1.08	1.09	1.09	1.10	1.10	1.11	1.11	1.12	1.12	1.12	1.12	1.12	1.12	1.11
DSC - All Mortgages and Fees	0.96	0.96	0.97	0.98	0.98	0.99	0.99	0.99	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Financial Ratios															
Operating Expense Ratio	63.04%	63.52%	64.01%	64.51%	65.02%	65.53%	66.04%	66.57%	67.10%	67.64%	68.25%	68.87%	69.50%	70.13%	70.77%
Break-even Economic Occupancy Ratio (all debt)	96.77%	96.52%	96.29%	96.09%	95.90%	95.73%	95.58%	95.45%	95.34%	95.25%	95.24%	95.25%	95.28%	95.32%	95.38%

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$41,713,837
Less Land Costs	$1,400,000
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$3,539,409
Total Eligible Basis	$36,774,428
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$47,806,756
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	$1,912,270

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include washers/dryers, off-site work, site work, accounting fees, FHFC Fees, insurance, legal fees, market study, advertising/marketing fees, property taxes, title work, financial costs, and operating 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 Small Area Difficult Development Area ("SADDA") and was located in a Qualified Census Tract ("QCT") at the time of the Application; 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)	$41,713,837
Less Mortgages	$21,355,000
Less Grants	$0
Equity Gap	$20,358,837
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.945
HC Required to meet Equity Gap	$21,545,897
Annual HC Required	$2,154,590

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from letter from RJAHI, dated July 5, 2023.

Section III: Summary

HC Per Syndication Agreement	$1,902,153
HC Per Qualified Basis	$1,912,270
HC Per GAP Calculation	$2,154,590
Annual HC Recommended	$1,912,270
Syndication Proceeds based upon Syndication Agreement	$17,973,548

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	$20,500,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$20,500,000
Total Depreciable Cost	$36,774,428
Plus Land Cost	$1,400,000
Aggregate Basis	$38,174,428
Net Tax-Exempt Bond to Aggregate Basis Ratio	53.70%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

VIABILITY, SAIL, ELI, NHTF & HC CREDIT UNDERWRITING REPORT FHDC

Viability Loan Sizing Parameters and Metrics

Select the Development			Casa di Francesco		
RFA of Active Award			RFA 2021-205		
Demographic Commitment			Elderly, Non-ALF		
Total Number of Units			140		
Existing Competitive Active Awards:			Set-Aside Units		
9% HC Allocation	NA		NA		
SAIL	$ 3,500,000		140		
ELI	$ 600,000		14		
NHTF	$ 1,090,000		5		
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 (140 units x $125,000 PU)			$ 17,500,000	Does the stated Eligible	
Lesser of Net Per Development or PU Limit			**$ 4,300,000**	Request Amount need	
Viability Loan Sizing Parameters				to be adjusted?	
a. Eligible Request Amount:				No	
Applicant's Request Amount			$ 4,300,000	If so, how much should	
Per Development/PU Limit			$ 4,300,000	be deducted?	
Eligible Request Amount:			**$ 4,300,000**		

b. Gap Analysis for Viability Sizing Purposes Only:

Permanent Funding Sources:		DS w/ Fees	DSCR	NCF
Sized First Mortgage	$ 6,031,715.07	$ 419,315	1.3000x	$ 125,795
Viability	$ 4,300,000.00	$ 53,750	1.1523x	$ 72,045
SAIL	$ 3,500,000.00	$ 44,773	1.0527x	$ 27,272
ELI	$ 600,000.00	$ 3,855	1.0449x	$ 23,417
NHTF	$ 1,090,000.00	$ 3,855	1.0372x	$ 19,562
Hillsborough County	$ 6,115,000.00	$ 61,150	0.9291x	$ (41,588)
<additional source>	$ -	$ -	0.9291x	$ (41,588)
<additional source>	$ -	$ -	0.9291x	$ (41,588)
<additional source>	$ -	$ -	0.9291x	$ (41,588)
<additional source>	$ -	$ -	0.9291x	$ (41,588)
HC Equity	$ 17,973,548.00			
Deferred Developer Fee (34.57%)	$ 2,103,573.93			
Total Sources	$ 41,713,837.00	$ 586,698	0.9291x	$ (41,588)
Additional First Mortgage *(Min 1st Sizing)*	$ 281,715.07	$ -		
Additional First Mortgage *(DCR Sizing)*	$ -	$ -		

Total Development Costs	$41,713,837
Maximum Developer Fee Percentage	18%
Total Developer Fee	$6,085,727
Minimum 30% Deferred Developer Fee	$ 1,825,718.10

**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	$ 1,474,696.00
Total Operating Expenses in CUR Yr 1	$ 929,586.00
Net Operating Income in CUR Yr 1	$ 545,110.00
Actual Traditional 1st Mortgage:	
Proposed Amount of Traditional 1st Mortgage	**$ 5,750,000.00**
Traditional 1st Mtg Amortization (Years)	35.00
Traditional 1st Mtg Interest Rate	5.450%
Traditional 1st Mtg Mortgage Constant	6.40493%
Local HFA Bond Fees, if applicable	**$ 32,988.00**
Traditional 1st Mtg DSCR	1.36x
Net Cash Flow (NCF) after 1st Mtg Debt Service	$ 143,838.28
Debt Service (DS) on FHFC Subsidy Loans (w/ fees)	$ 52,483.00
NCF after FHFC Subsidy Loans DS & Fees	$ 91,355.28
RFA 2023-211 Minimum 1st Mortgage:	
Maximum 1st Mtg DSCR from Viability RFA	1.30x
Sized Debt Service from maximum DSCR	$ 419,315.38
Local HFA Fees to be included in Sized Debt Service	$ 32,988.00
Sized Debt Service to be incorporated, net of fees	$ 386,327.38
Mortgage Constant to be incorporated	6.40493%
Resulting minimum 1st Mtg	**$ 6,031,715.07**
NCF after resulting minimum 1st Mtg	$ 125,794.62
NCF after FHFC Subsidy Loans DS & Fees	$ 73,311.62
Rule Chapter 67-48.0072(28)(g)2. Variables and Process:	
Total Vacancy & Collection Rate in CUR	5.000%
Revenue Growth Rate in CUR	2.000%
Operating Expense Growth Rate in CUR	3.000%
Amortization to be incorporated (Years)	35.00
Interest Rate to be incorporated	7.000%
Resulting Mortgage Constant for qualifying debt	7.66628%
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		**$ 25,164.00**
MMRB Annual Fee	0.000%	$ -
MMRB Annual Minimum	$0	$ -
MMRB Permanent Loan Servicing Fee		**$ -**
Non-MMRB Annual Fee(s)	0.25%	$ 23,725.00
Non-MMRB Annual Minimum(s)	$2,832	$ 11,328.00
Non-MMRB Annual Maximum(s)	$11,232	$ 44,928.00
Non-MMRB Permanent Loan Servicing Fee(s)		**$ 25,164.00**
Compliance Monitoring		**$ 3,069.00**
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	$ -
Additional Non-MMRB PSAU Fee(s)	$11.24	$ -
Non-MMRB Annual Minimum(s)	$3,432	$ -
Multiple Program Fee(s)	$1,023	$ 3,069.00
Non-MMRB Compliance Monitoring Fee(s)		**$ 3,069.00**
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:	0.9586x
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:	0.9291x

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.

Casa di Francesco
RFA 2021-205 (2022-165SN / 2021-532C)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

140 Units located in 1 Mid-Rise residential building

Unit Mix:

One-Hundred (100) one bedroom/one bath units;

Forty (40) two bedroom/two bath units;

140 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. Elderly Developments must have a minimum of one elevator per residential building provided for all Elderly Set-Aside Units that are located on a floor higher than the first floor.

10. Elderly Demographic Developments that are new construction units must have a full-size range and oven.

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 Elderly (ALF or Non-ALF) Demographic Developments must provide the following Accessibility Features:

- 20 percent of the new construction units must have roll-in showers.

    - 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.

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 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

______ Florida Green Building Coalition (FGBC); or

__X___ICC 700 National Green Building Standard (NGBS); or

______ Enterprise Green Communities.

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. 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. 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: Casa di Francesco
DATE: July 6, 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 REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
1. The development's final "as submitted for permitting" plans and specifications. 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").	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.	Satis.	4.
6. Complete, thorough soil test reports.	Satis	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Unsatis.	5.
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. 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.	Unsatis.	6.
15. Firm commitment letter from the syndicator, if any.	Unsatis.	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.	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.	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.	Satis.	

Notes:

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 a final PCA.

4. Closing is conditioned upon receipt of a final survey.

5. Closing is conditioned upon receipt of a satisfactory final Appraisal.

6. Closing is conditioned upon receipt of a firm commitment from Fifth Third (Construction financing) and JPMorgan Chase (construction and permanent financing) 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 and Restated Limited Partnership Agreement.

8. Closing is conditioned upon final loan documents for the sixth, seventh, and eighth construction/permanent mortgages with terms that are not substantially different than those utilized in this credit underwriting report.

9. At this time a draft construction draw schedule in FHFC format has not been received. Receipt of a final draw schedule is a condition to close.

AMERINAT®

July 5, 2023

Mr. Robert Dearduff
Assistant Director of Special Programs
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301-1329

RE: Cross Creek Gardens at Quincy PLP / 2020-004P-09

Dear Mr. Dearduff:

Neighborhood Renaissance, Inc. ("Applicant") requested a modification to the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") Pre-Development Loan Program ("PLP") loan in the amount of $500,000, which was initially approved at the June 17, 2022, FHFC Board meeting. The assigned Technical Assistance Provider ("TAP") recommended the PLP loan be modified to increase the PLP loan from $500,000 to $750,000, of which $300,000 is requested for site acquisition. The remaining $450,000 in requested PLP funds will be used for eligible predevelopment costs. On April 28, 2023, the FHFC Board of Directors approved the recommended loan amount subject to review of the requested acquisition portion by the assigned Credit Underwriter, AmeriNat® ("AmeriNat" or "Servicer").

Cross Creek Gardens at Quincy ("Development") is the proposed new construction of a 36-unit garden-style, Enhances Steel Structure ("ESS") development that will consist of ten (10) one-bedroom/one-bathroom units, fourteen (14) two-bedroom/two-bathroom units, and twelve (12) three-bedroom/two-bathroom units in two residential buildings. The Applicant submitted a request to FHFC on June 1, 2023, to increase the amount of units from 34 units to 36 units. This reflects a change from the original application that consisted of 34-units, including ten (10) one-bedroom/one-bathroom units, twelve (12) two-bedroom/two-bathroom units, and twelve (12) three-bedroom/two-bathroom units. The property will be located on South Springs Road, approximately 1,500 feet west of the intersection of Pat Thomas Parkway and South Springs Road, in Quincy, Gadsden County, Florida.

The Applicant has selected the Family demographic as its target population and proposes to set aside 20% of all units (7 units) as Low-HOME units and the remaining units (29 units) set aside as High HOME units.

The Development's site is currently 6.40 acres of a larger 71.94 acre parcel. The Development is planned to have access via South Springs Road, but the current terminus of this road is about 685 feet east of the southeastern corner of the larger parcel of land. Additionally, utilities are at the end of South Springs Road and will have to be extended to the site. The cost to build the access road, get legal access across the neighboring property, and extend utilities to the site will be borne by the Applicant.

The PLP Loan will bear an interest rate of 1% per annum. The PLP Loan is non-amortizing, with principal and interest deferred until loan maturity. With respect to rental developments, the PLP loan shall mature on the earlier of (a) the date of closing on the first source of permanent or construction loan for the Development; (b) the date of closing on the tax credit partnership and the receipt of the initial disbursement; or (c) three years from the date of execution of the loan documents by Florida Housing or other such extended loan maturity date approved by the FHFC Board. If the Development does not obtain construction or permanent financing from Florida Housing and no Florida Housing funds remain in the Development, the compliance period shall be 15 years from the date the PLP loan is paid off. If the Development obtains construction and permanent financing from other Florida Housing programs, then the most restrictive compliance requirement shall be in effect and compliance monitoring shall be performed through those programs. Florida Housing may extend the term of the PLP loan for an additional period if circumstances exist and if such extension would not jeopardize Florida Housing's security interest.

The Applicant proposes to utilize the PLP loan to fund site acquisition and certain other allowed pre-development costs. It is anticipated that the construction and permanent financing will be provided through a tax-exempt bond issuance from the Escambia County Housing Finance Authority (the "HFA"), a FHFC HOME loan, a FHFC Construction Inflation Response Viability loan, Housing Credit Equity to be provided by Alliant Capital, Ltd., and deferred developer fee. The bond structure and participants are yet to be determined.

For the Applicant to utilize PLP funds for the purchase of land, an assessment must be performed. The Assessment is primarily limited to a review of the PLP Loan Application, Project Development Plan, an analytical review of the Development's sources and uses of funds, a determination that PLP funds drawn for acquisition costs are adequately collateralized, and the performance of limited due diligence relating to the Applicant. The Project Development Plan has been separately reviewed and approved by Ms. Elissa Plancher, the assigned TAP to the transaction. Ms. Plancher is the Affordable Housing Development Program Manager and Technical Advisor with the Florida Housing Coalition. The results of AmeriNat's findings are presented below.

Borrower Information

The Applicant is a Florida Not-For-Profit Corporation formed on June 3, 1992, as a community-based organization dedicated to building and supporting strong economies and diverse communities in Palm Beach County and the state of Florida by investing in homes that are within the financial reach of low- and moderate-income households. Since 1992, the Applicant expanded its programs, services, and real estate portfolio, while broadening its geographic reach to other communities in need of affordable housing. The Applicant has helped over 220 low- and moderate-income families to become homeowners and have built over 255 homes. Over the last 8 years, the Applicant invested over $48 million in underserved neighborhoods. The Applicant provided a Schedule of Real Estate Owned that illustrates one rental property under ownership that contains 36-units and is 100% occupied.

A Dun & Bradstreet Business and Information Reports ("DNBi") dated June 12, 2023, was obtained. The composite credit appraisal shows an overall Moderate business risk. However, the probability of delinquent payments is at the moderate-to-high risk range with a 9.17% probability of delinquency over the next 12 months. Per the DNBi, anticipated trade payments are expected 125 days beyond terms based on 14 total trade experiences. It should be noted that only one trade experience provided unfavorable comments with the remaining trades indicating payment was received according to terms. No judgments, bankruptcy proceedings, or liens exist within the DNBi database; however, there are three pending lawsuits against the Applicant relating to the sale of three townhome units. The lawsuit alleges that the Applicant failed to construct the structure to appropriate finished floor elevations and the units are now subject to flooding when rainstorms pass over the community. According to the Applicant, the lawsuit is being defended by AMTrust North America through a commercial general liability policy taken out for this development. The Applicant provided a Commercial General Liability Coverage Declarations page that illustrates a general aggregate limit of $3,000,000 and confirms a deductible equal to $10,000. The Applicant sold the townhomes to each of the plaintiffs in 2019 for $245,000. Zillow presently estimates the value of the townhomes between $361,000 and $399,000. There appears to be sufficient insurance coverage to minimize the potential exposure, should the court award reparative damages to the plaintiffs.

AmeriNat reviewed September 30, 2022, audited year-end financial statements and found them to be satisfactory with total assets in excess of $20.49MM and net assets in excess of $14.48MM.

Land Cost

AmeriNat received a Contract for Purchase and Sale of Real Property ("PSA") dated January 24, 2022, between ACRUVA Community Developers, LLC ("Seller"), and the Applicant. The PSA illustrates that the Seller will convey the land to the Applicant for a purchase price of $300,000, subject to an appraisal acceptable to FHFC and a closing deadline of December 31, 2022. A Second Amendment to the PSA was received and reviewed that extends the closing deadline to December 31, 2023.

Appraisal

AmeriNat received and reviewed an appraisal prepared by Meridian Appraisal Group, Inc. ("Meridian"), dated June 5, 2023. The report estimates an as-is market value of the fee simple interest of $310,000, based on market conditions prevailing on May 30, 2023. Meridian additionally provided a hypothetical market value of $340,000, assuming the site has access from South Springs Road and public utilities are extended to the site.

The proposed site is rectangular and contains 6.40 acres. The site is in the northeastern corner of a larger 71.94-acre parent parcel and is proposed to be accessed via South Springs Road. The site has yet to be split from the larger parcel and does not have a property address and South Springs Road has yet to be extended to the site. The site is zoned PUD, Planned Unit Development, by the City of Quincy. Gadsden County does not use future land use designations. The zoning allows a variety of uses including multi-family. Considering the surrounding uses, Meridian concludes multi-family is the most compatible use. As the location of the site is central to neighborhood shopping, employment, and healthcare facilities, once the access road is completed, Meridian opines that the site is suitable for multi-family development.

Environmental and Geotech

A Phase I Environmental Site Assessment ("ESA") dated March 18, 2022 was prepared by Professional Service Industries, Inc. ("PSI"). PSI performed a Phase I ESA in conformance with the scope and limitations of ASTM Practice E1527-13. The ESA did not reveal evidence of potential recognized environmental conditions or historical RECs in connection with the past use of the Development's site.

A Geotechnical Report has not been engaged for by the Applicant. The Applicant intends to utilize PLP funding to satisfy this requirement.

PLP Budget

The TAP had provided an approved PLP budget, as of April 11, 2023, totaling $750,000 (see Exhibit A for original PLP Budget). The non-acquisition portion of the PLP Loan totaling $500,000 will be used for eligible pre-development activities and the acquisition cost was estimated at $250,000. However, this was based on a preliminary appraisal, dated February 15, 2022, that estimated the market value of the land at $240,000. Based upon the updated appraisal performed by Meridian, dated June 5, 2023, the acquisition cost for the site is $300,000. Therefore, the Applicant revised its request to FHFC to increase the PLP to be used for acquisition and decrease the amount of PLP to fund impact fees from $74,091 to $24,091 (see Exhibit B for updated PLP Budget).

Development Cost

The Applicant's budgeted Total Development Costs ("TDC") totals $15,421,439 ($428,373 per unit). Development costs include land, infrastructure, site-work, construction, pre-development, general development costs, impact/permit fees, developer fee, hard & soft contingencies and an anticipated operating deficit and rent up Reserves. A summary of the TDC is presented in Exhibit C.

The PSA received by AmeriNat states that the Seller will convey the land to the Applicant for a purchase price of $300,000, subject to an appraisal acceptable to FHFC. As the appraisal engaged by AmeriNat concludes a market value of $310,000; AmeriNat budgeted TDC totaling $15,431,439 ($428,373 per unit), as additionally summarized in Exhibit C.

Proposed Financing Sources

The Applicant anticipates receiving a tax-exempt bond issuance from the Escambia County HFA in the amount of $8,000,000 during the construction phase and $2,425,000 during the permanent phase, a FHFC HOME loan in the amount of $6,000,000, a FHFC Construction Inflation Response Viability loan in an amount up to $1,300,000, Housing Credit Equity totaling $6,005,304 to be provided by Alliant Capital, Ltd., and deferred developer fee. The bond structure and participants are yet to be determined.

Conclusion and Recommendation

AmeriNat's review of the development costs indicate that the assumptions utilized appear reasonable and consistent. AmeriNat recommends approval of the PLP loan in the amount of $750,000, subject to the following conditions:

1. Satisfactory resolution of any outstanding past due and/or noncompliance issues by the closing of the PLP loan;
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);
3. Any other reasonable requests by FHFC, its counsel, or the Servicer.

Please do not hesitate to contact me if you need further assistance.

Sincerely,

Kyle Kuenn
Multifamily Chief Credit Underwriter

Exhibits

Exhibit A
Original PLP Budget

PLP Uses		
Acquisition		
Purchase Price	$	250,000
Total Acquisition Costs	$	250,000
Pre-Development Expenses		
Administrative	$	5,500
Appraisals	$	8,000
Architect & Engineer	$	240,000
Impact Fees & Water/Sewer Connection	$	74,091
Environmental Report	$	5,500
Soil Tests (Geo Tech)	$	10,000
Credit Underwriting Fee (FHFC)	$	15,000
Legal	$	20,000
Market Study	$	8,000
Pre-Construction Analysis	$	5,000
Consultant Fee	$	5,000
Survey	$	9,000
Title & Recording	$	70,000
Contingency	$	9,909
Total Pre-Development Costs	$	485,000
Financing Costs		
Commitment Fees to Secure Financing	$	15,000
	$	15,000
Total Pre-Development Costs	$	750,000

Exhibit B
Updated PLP Budget

PLP Uses		
Acquisition		
Purchase Price	$	300,000
Total Acquisition Costs	$	300,000
Pre-Development Expenses		
Administrative	$	5,500
Appraisals	$	8,000
Architect & Engineer	$	240,000
Impact Fees & Water/Sewer Connection	$	24,091
Environmental Report	$	5,500
Soil Tests (Geo Tech)	$	10,000
Credit Underwriting Fee (FHFC)	$	15,000
Legal	$	20,000
Market Study	$	8,000
Pre-Construction Analysis	$	5,000
Consultant Fee	$	5,000
Survey	$	9,000
Title & Recording	$	70,000
Contingency	$	9,909
Total Pre-Development Costs	$	435,000
Financing Costs		
Commitment Fees to Secure Financing	$	15,000
	$	15,000
Total Pre-Development Costs	$	750,000

Exhibit C
Total Development Costs

Development Costs	**Applicant Total**	**Underwriter Total**	**Per Unit**	**%**
Land	$300,000	$300,000	$8,333	1.95%
Other Acquisition Costs	$0	$0	$0	0.00%
Total Acquisition Price	$300,000	$300,000	$0	1.95%
Construction	$9,466,874	$9,466,874	$262,969	61.39%
Total Construction Costs	$9,466,874	$9,466,874	$262,969	61.39%
Pre-Development & General Development Costs	$1,423,650	$1,423,650	$39,546	9.23%
Other Pre-Development Costs	$1,298,495	$1,298,495	$36,069	8.42%
Developer's Fee	$2,187,200	$2,187,200	$60,756	14.18%
Operating Reserve	$200,695	$200,695	$5,574.86	1.30%
Contingency	$544,525	$544,525	$15,126	3.53%
Total Development Cost	**$15,421,439**	**$15,421,439**	**$420,040**	**100%**

Proposed Sources	**Applicant Total**	**Underwriter Total**	**Per Unit**	**%**
PLP	$750,000	$750,000	$20,833	
Balance to be Financed	$14,671,439	$14,671,439	$407,540	
Escambia Cty HFA Bonds	$2,425,000	$2,425,000	$67,361	15.72%
FHFC Construction Inflation Response Viability	$284,977	$284,977	$7,916	1.85%
FHFC HOME Loan	$6,000,000	$6,000,000	$166,667	38.91%
Housing Credit Equity	$6,005,304	$6,005,304	$166,814	38.94%
Deferred Developer Fee	$706,158	$706,158	$19,616	4.58%
Total Financing	**$15,421,439**	**$15,421,439**	**$428,373**	**100%**

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

June 29, 2023

VIA EMAIL

Mr. Todd Fowler
Director of Special Assets
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: Silver Creek Apartments – 9% Housing Credits – RFA 2016-114 (2017-156C / 2019-429C)

Partial Release of Land from the existing Extended Low-Income Housing Agreement ("ELIHA")

Dear Mr. Fowler:

On your behalf, Seltzer Management Group, Inc. ("SMG", "Seltzer" or "Servicer") has reviewed a request, dated May 10, 2023, from a representative of GM Silver Creek, Ltd. ("Owner or Borrower"), requesting Florida Housing Finance Corporation ("FHFC" or "Florida Housing") consent to the release of approximately 1.40 acre parcel of land currently encumbered by an existing ELIHA associated with Silver Creek Apartments ("Subject Development"). The Owner is requesting the release of the land to pursue the development of additional affordable units.

For the purposes of this analysis, SMG has reviewed the following:

1. Correspondence seeking Florida Housing's consent of the request outlined above
2. FHFC ELIHA recorded December 24, 2020
3. Final CUR dated May 6, 2019 prepared by Seltzer
4. Annual Management Review and Physical Inspection, performed November 17, 2022
5. Survey, completed by Avino & Associates, dated March 10, 2023
6. Site Plan, completed by Modis Architects reflecting the proposed parking garage
7. FHFC Occupancy Reports
8. FHFC Past Due Report, dated May 25, 2023
9. FHFC Noncompliance Report, dated May 24, 2023

In addition, SMG has had various conversations with FHFC Staff and the Managing Member of the General Partner, GM Silver Creek GP, LLC regarding the requests described above.

Our findings are as follows:

Background

The Subject Development is located at 11855 SW 216th Street, Miami, Miami-Dade County, Florida 33177 consisting of 90 multifamily rental apartment units located in 1 high-rise building.

The Subject Development was constructed in July 2020, primarily funded from 9% Housing Credits and Surtax/SHIP funding from Miami-Dade County. Set-asides are 10% of the units (9 units) for residents earning 30% or less of the Area Median Income ("AMI"). and 80% of the units (72 units) earning 60% or less AMI for 50 years. The remaining 10% of the units (9 units) are set aside for residents earning 140% or less AMI.

As of May 31, 2023, the Subject Development reported an average occupancy rate of 99.11%. The average occupancy rate for 2022 exceeded 96%.

The Owner intends to apply for Low Income Housing Tax credits in the upcoming RFA 2023-201 for the financing of additional affordable housing units on a portion of the existing development site, which currently contains a surface parking area.

The Owner was formed on December 6, 2016. The General Partner, with 0.01% ownership interest in the Owner, is GM Silver Creek GP, LLC ("GP"). The Member/Manager is Green Mills Holdings, LLC ("Green Mills"), with 99% ownership interest. Green Mills was established in 2012 and is a real estate development company that specializes in multifamily developments with an emphasis on affordable housing and neighborhood revitalization.

The Management Review and Physical Inspection dated December 15, 2022, reported compliance deficiencies. All items identified were cleared on the same day and the Management Review was closed out.

FHFC Noncompliance Report dated May 24, 2023, lists no items for the development team.

The Past Due Report dated May 25, 2023, lists no items for the development team.

Partial Release of Land Overview

The Owner is requesting a +/- 1.40 acre parcel of land be released within the Subject Development that is currently encumbered by an existing ELIHA. The land does not contain any residential improvements; however, the area is currently being used as the parking area for the current residents. The site plan provided shows the scope boundary for the existing developed site of +/- .88 acres. The new rental units will be constructed within the +/- 1.40 acres that are being requested to be released. The new building will contain a parking garage to be utilized by residents from both locations. The Owner states that the adjacent property, which they currently own, would act as the temporary parking area for the current residents until construction of the new development is complete. The Owner also notes that they intend to apply for Competitive 9% Housing Credits on the adjacent property in September 2023. In the event the Owner is awarded the Housing Credits, the other options being considered for resident parking for the current residents are as follows:

- Provide monthly rider passes for public transportation through the length of construction. The proximity of the public transportation is approximately 225 feet.
- Provide a combination of rent concessions and a monthly stipend for Uber and Lyft. Rent concessions will be discounts to their monthly rent through the duration of construction.
- Provide free transportation to assigned off-site parking

The Applicant confirms the release of the +/- 1.40 acre parcel will not adversely impact the current residents ability to park their vehicles.

Releasing the land will provide much needed affordable housing on an underutilized property in a high demand area.

Summary and Recommendation

Seltzer recommends that FHFC approve the release of the +/- 1.40 acre parcel of land currently encumbered by a parking area for the current residents, and a modification of the legal description in the existing ELIHA and modification of any other documents, as required to effectuate the transaction, which would allow the Owner to pursue the development of additional affordable rental units, subject to the following:

- Review and approval of all documents needed to effectuate the partial release of land consistent with the terms outlined above by Florida Housing, its Legal Counsel, and Servicer
- Payment of any outstanding arrearages to FHFC, its Legal Counsel, Servicer or any Agent or Assignee of Florida Housing for Past Due issues applicable to the Development Team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025(5) and 67-48.0075 (5) F.A.C., of a Borrower or a Developer)
- Receipt and satisfactory review of final signed/sealed surveys for the Subject Development by Florida Housing, its Legal Counsel, and Servicer
- Approval of the release of land by the existing first mortgage loan provider, current limited partner and investor member, as applicable
- Satisfactory resolution of any outstanding past due and/or noncompliance items, and
- All other due diligence required by FHFC, its Legal Counsel and Servicer

I hope this correspondence has been helpful and please do not hesitate to contact me if I can be of further assistance.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

Amy C. Sanders
Credit Underwriter

Pinellas Affordable Living, Inc.

June 16, 2023

Tom Kennedy, Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301-1367

RE: Founders Point
RFA 2022-262S/2023-239V

Dear Mr. Kennedy.

This letter is to request a six month extension to the issuance of the firm loan commitment for the above referenced development. The deadline for the credit underwriting and firm loan commitment process is June 30, 2023. We have been working diligently to meet that deadline. However, a few issues have created some unforeseen delays that have prompted an extension be requested in order to ensure a successful commitment and closing.

Pinellas Affordable Living, Inc. the developer/owner solicited competitive bids from four General Contractors in order to comply with the requirements for secondary financing from the City of St. Petersburg. The lowest bid came in approximately twenty percent higher than originally anticipated. As a result, a proposal was prepared, submitted, and ultimately approved for funds from the Construction Inflation Response Viability program of the Florida Housing Finance Corporation.

We are diligently preparing our submissions to the underwriter and are optimistic that we will be prepared to close on this loan later this summer. We respectfully request a six- month extension.

Thank you for your attention to this matter. If you have any questions about this request, please contact me by email at jackhumburg@boleycenters.org or at (727) 821-4819 ext. 5717.

Sincerely,

Jack D. Humburg
Executive Director
Pinellas Affordable Living, Inc.

445 31st Street N. • St. Petersburg, FL • 33713
Phone (727) 821-4819 • Fax (727) 822-6240
www.boleycenters.org

July 21, 2023

Action Items

Table of Contents

I. FISCAL

Board authorization to request the approval of the necessary funding, staff actions, and Resolution to permit the issuance of the proposed 2023-2024 Phase One bond

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

    a) Florida Housing issues bonds under two master bond indentures. The 2009 Homeowner Mortgage Revenue (Special Program) Bond Indenture (the "NIBP Master Indenture") was created for the purpose of implementing the United States Treasury's New Issue Bond Program (the "NIBP"). The NIBP Master Indenture is currently rated "Aaa" by Moody's Investors Service. Florida Housing also issues single family bonds under its 1995 Homeowner Mortgage Revenue Bond Indenture (the "1995 Master Indenture"). The 1995 Master Indenture is currently rated "Aaa" by Moody's Investors Service.

    b) It is anticipated that Florida Housing will have sufficient resources to issue $1,050,000,000 million of bonds. Tax-exempt volume cap totaling $494.3 million has been allocated for single family bond issuance consisting of $43.9 million of 2020 carry forward, $200.2 million of 2021 carryforward, and $250.1 million of 2022 carryforward. It is expected that a portion of the 2023 volume cap allocation will be added to the carryforward from prior years. In addition to allocation from 2023 and carryforward from prior years, there is a resource of up to $126.2 million of recycled carryforward in the collateral account with the Federal Home Loan Bank. The issuance of taxable bonds in a standalone manner or in conjunction with tax-exempt bonds, to fund qualified and non-qualified mortgages, is also an option due to current market conditions. Florida Housing may fund tax-exempt qualifying first mortgages and non-qualifying mortgages with taxable proceeds.

    c) Commencing on October 31, 2008, and subsequently thereafter, the Board has approved resolutions allowing staff to access funding for Florida Housing's Homeowner Mortgage Program (the "Single Family Program") through the sale of specified pools or To-Be-Announced ("TBA") commitments in the mortgage backed securities ("MBS") market.

    d) This year, through June 23, 2023, Florida Housing has settled newly originated MBS including over $874.3 million of Ginnie Mae MBS, $269.6 million of Fannie Mae MBS and $78.9 million of Freddie Mac MBS through various market options. Of the Ginnie Mae totals, $166.8 million settled in bonds, $659.6 million settled in the TBA mortgage market, and $47.9 million settled as an investment for Florida Housing. There have been no specified pool settlements so far this year. Of the Fannie Mae MBS totals, $35.6 million settled in bonds, $227.1 million were sold in the TBA mortgage market and $6.9 million settled as an investment for Florida Housing. Of the Freddie Mac totals, $78.9 million were sold in the TBA mortgage market.

    e) Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when market conditions are favorable at the time of sale, however, financing alternatives in the municipal market have again become more attractive. The sale of bonds in the municipal market can be for: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, (2) refunding outstanding bonds currently subject to special redemption to preserve volume cap, (3) continuing Florida Housing's single family lending program through the pooling of Mortgage Loans into Guaranteed Mortgage Securities under Florida Housing's Homeowner Mortgage Program. Staff will continue to evaluate market conditions and, should market conditions warrant, may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and refund the outstanding bonds subject to optional redemption.

2. **Present Situation:**

a) Below is a chart of bonds that may be optionally redeemed in 2023:

NIBP Indenture	
Bond Series	2009 Series B-5
Bond Balance	$18,960,000
Bond Yield	2.32%

**As of July 3, 2023*

b) Staff and Florida Housing's Independent Registered Municipal Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and use the proceeds of such sale to optionally redeem the bonds should this be deemed more economically prudent.

c) Conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. Staff expects that it will be financially prudent to issue new money bonds under several separate series throughout 2023 and 2024 to continue funding single family loans, including the potential to fund down payment and closing cost assistance loans under its program.

d) The investment banking team, bond counsels, Independent Registered Municipal Advisor and special counsels have been previously approved by the board. The following professionals may serve as senior and co-senior managing investment bankers for the 2023-2024 Phase One Bonds, in alphabetical order: BofA Securities, Inc., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC., and RBC Capital Markets LLC. Florida Housing may recommend an additional senior manager investment banker at this or a future board meeting. Caine Mitter & Associates Incorporated will serve as the Independent Registered Municipal Advisor.

e) The 2023-2024 Phase One bonds will be issued under the 1995 Master Indenture, the NIBP Indenture or a new master indenture, but the aggregate amount of such 2023-2024 Phase One Bonds shall not exceed $1,050,000,000. The 2023-2024 Phase One Bonds are expected to be rated "Aaa" by Moody's Investors Service if issued under either the 1995 Indenture or the NIBP Indenture, however, in consultation with the underwriting team and our Independent Registered Municipal Advisor, staff may opt to solicit ratings from additional rating agencies. If the bonds are issued under a new master indenture, the rating is expected to be "Aaa" by Moody's Investors Service. It is anticipated that the 2023-2024 Phase One Bonds and any additional new money bonds issued will, for the foreseeable future, be secured by MBS.

f) Authorization necessary to issue the 2023-2024 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing's Board and (2) approval of a fiscal determination in accordance with updated statutory requirements. To work within the constraints of regularly scheduled public meetings, to maintain Florida Housing's goal of providing continuously available single family mortgage funding, and to take full advantage of the market conditions for refunding, the authorizing resolution for the 2023-2024 Phase One Bonds is being presented for consideration at Florida Housing's July 21, 2023 meeting.

g) Staff will determine the timing of issuance, size of issuance, and the most applicable documents for the issuance of each series of 2023-2024 Phase One Bonds based upon prevailing market conditions and recommendations from the Independent Registered Municipal Advisor.

h) To ensure sufficient time for obtaining required approvals for the 2023-2024 Phase One Bonds, staff requests authorization to commit up to $65 million of indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities and down payment and closing cost assistance loans. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.

i) The Board Resolution is included as Exhibit A.

3. Recommendation:

a) Staff recommends the Board approve the necessary funding, staff actions and the Resolution to permit the issuance of the proposed 2023-2024 Phase One Homeowner Mortgage Revenue Bonds.

II. HOME RENTAL

Request Approval of Workout Plan for Willie Downs Villas

Development Name: Willie Downs Villas ("Development")	**Location: Highlands County**
Developer: Highlands County Housing Authority, Inc.	**Set-Aside: 20% @ 50%AMI 80% @ 60% AMI 50 HOME Units**
Type: New Construction/Quadplexes	**HOME: $4,531,000**
Total Number of Units: 50	**Demographics: Family**

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

   a) The Applicant, Highlands County Housing Authority, applied for funding under Request for Applications ("RFA") 2016-101, seeking an allocation of HOME Financing to be Used for Rental Developments in Rural Areas. On August 5, 2016, the Board approved the selection of six (6) Applications, including Willie Downs Villas, for funding and invitation to credit underwriting.

   b) On August 10, 2016, the Corporation issued a preliminary commitment letter. On October 12, 2017, staff received a final credit underwriting report with a positive recommendation for a HOME loan in the amount of $4,531,000 contingent upon receipt prior to the Board Meeting of an acceptable final site plan or status of final site plan approval, soils test, statement of financial affairs for Brian Smith and Tom Smith and plan and cost review. On October 27, 2017, the date of the Board meeting, the Applicant did not have all required items secured. The Board allowed an extension to the December 2017 Board Meeting to obtain the final necessary items.

   c) On December 12, 2017, against staff recommendation, the Board voted to approve the credit underwriting report dated October 12, 2017 and move towards closing.

   d) On August 8, 2018 the closing occurred for Willie Downs.

   e) General Home Development (GHD), together with the Highlands County Housing Authority each acted as Co-Developers and GHD was the General Contractor on the development. Progress on Willie Downs continued on a normal schedule through 2019. Florida Housing received regular construction draw requests. In 2020, a slowdown started to occur in the draw requests with one submitted in 2020 and one in 2021. This slowdown at first was due to the COVID-19 pandemic which greatly affected all projects ability to complete construction timely. As of the last draw request received, Willie Downs was 87% complete. Since 2021, very little progress on the development was accomplished and construction progress is estimated, at the time, to be 95% complete. Because of this, Highlands County Housing Authority (HCHA) officially terminated GHD's construction contract due to default on August 12, 2022, and asked Frankenmuth Surety to perform under their Performance Bond. Frankenmuth Surety responded on December 21, 2022, stating that "in order to mitigate costs, the Housing Authority should proceed with completing GHD's contract."

f) Starting in January 2023, staff authorized Seltzer Management Group to order an appraisal, a Geotechnical Engineering and Construction Materials Evaluation, and a Structural Inspection Report to determine what work is needed to complete construction and achieve a certificate of occupancy.

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

a) All reports have been received with mostly favorable results. The Florida Housing Coalition ("FHC") helped the Applicant assemble a development team to help develop a plan, timeline, and budget to address all identified issues needed to complete Willie Downs. The budget for completing Willie Downs increased $1,454,753 due to sitework repairs and increases in construction costs from the original credit underwriting report.

b) On June 27, 2023, Seltzer Management Group provided a Construction Completion Analysis and Recommendation for Additional Funding (Exhibit A). The Analysis recommends an additional $1 million in HOME funds for the construction completion and permanent financing of the development.

3. <u>Recommendation:</u>

a) Approve the Construction Completion Analysis and Recommendation for an additional $1 million in HOME funding, for a total HOME loan of $5,531,000, and direct staff to proceed with issuance of a firm commitment and closing activities. Additionally, direct staff to actively pursue, under legal counsel, all remedies afforded to the Corporation under the payment and performance bond, legal documents and guarantees.

b) As a condition of the additional HOME funding, approve the prohibition of HCHA, GHD, Brian Smith and Tom Smith from participating in any new Florida Housing funding for a period of two years from the date of this Board action.

III. LEGAL

MJHS South Parcel, LTD. vs. Florida Housing Finance Corporation, Pinnacle 441 Phase 2, LLC, LDG Multifamily, LLC, and Kissimmee Leased Housing Associates II, LLLP. FHFC Case No. 2023-007BP; DOAH Case No. 23-0903BID;

DM Redevelopment, LTD. vs. Florida Housing Finance Corporation, Bayside Breeze Redevelopment, LLLP, SP Field LLC, and Kissimmee Leased Housing Associates II, LLLP. FHFC Case No. 2023-009BP; DOAH Case No. 23-0904BID;

Heritage Village South, LTD. vs. Florida Housing Finance Corporation and MHP FL IX LLLP. FHFC Case No. 2023-010BP; DOAH Case No. 23-0905BID;

SP Field, LLC vs. Florida Housing Finance Corporation. FHFC Case No. 2023-017BP; DOAH Case No. 23-0906BID; and

Autumn Palms NFTM, LLC vs. Florida Housing Finance Corporation and Bayside Breeze Redevelopment, LLLP. FHFC Case No. 2023-018BP; DOAH Case No. 23-0907BID;

1. **Background:**

a) This consolidated case concerns multiple protests filed against the preliminary awards for RFA 2022-205: SAIL Financing of Affordable Multifamily Housing Developments to be used in conjunction with Tax Exempt Bonds and Non-Competitive Housing Credits (the "RFA"). Florida Housing received 46 applications in response to the RFA. At the January 27, 2023, Board meeting, ten applicants were preliminarily recommended for funding, including Pinnacle 441 Phase 2, LLC ("Pinnacle"), Kissimmee Leased Housing Development II, LLLP ("Kissimmee"), SP Field LLC ("SP Field"), MHP FL IX LLLP ("MHP"), and Bayside Breeze Redevelopment, LLLP ("Bayside Breeze").

b) LDG Multifamily, LLC ("LDG"), MJHS South Parcel, Ltd. ("MJHS"), and Bayside Development of Fort Walton, LLC ("Bayside Gardens") were deemed eligible for funding but, according to the funding selection process outlined in the RFA, were not selected for funding.

c) Petitioners, MJHS, DM Redevelopment, LTD. ("DM Redevelopment"), Heritage Village South, LTD. ("Heritage"), SP Field, and Autumn Palms MFTM, LLC ("Autumn Palms") (collectively, "Petitioners") timely filed notices of intent to protest and Formal Written Protests and Petitions for Administrative Hearing (the "Petitions"). A Notice to Bidders was issued by Florida Housing informing all bidders that their substantial interests might be affected by the Petition. All intervenors timely filed Notices of Appearance and intervened in the matter. The Petitions were referred to the Division of Administrative Hearings ("DOAH") and consolidated. Prior to hearing, Kissimmee stipulated that it was not eligible for funding.

2. **Present Situation:**

a) The hearing was conducted as scheduled on April 3 and 5, 2023, via Zoom technology, before DOAH Administrative Law Judge ("ALJ") Jodi-Ann V. Livingstone. Seven contested issues proceeded to hearing, all of which are briefly summarized below.

(1) MJHS challenged LDG for failure to include all anticipated costs (impact

fees) in its Development Cost Pro Forma. Florida Housing and LDG argued that MJHS failed to establish the amount of undisclosed impact fees and, even if the amount of fees were established, no funding shortfall would exist if those fees had been included; thus, LDG should remain eligible.

(2) Heritage and SP Field challenged MJHS and MHP's equity proposals for failing to meet the RFA requirements to state the amount of proposed equity to be paid prior to construction completion. MJHS and MHP argued that their equity proposals met the requirements in the RFA, and the timing of the payments could be inferred. Florida Housing, Heritage, and SP Field argued that portions of the equity proposals were unclear and ambiguous as to whether a certain contribution would be paid prior to construction completion and excluding those payments from the financing analysis caused a funding shortfall rendering MJHS and MHP ineligible.

(3) Heritage also challenged MHP for failing to accurately disclose all principals of its non-investor limited partner, SLP. Heritage's challenge to MHP was based on an undisputed inconsistency between the managing members listed for SLP in the application and those listed with Department of State filings. To explain the discrepancy, MHP provided a written operating agreement and oral testimony. After reviewing the evidence, Florida Housing agreed with Heritage that MHP failed to accurately disclose the principals of SLP. MHP argued that its Principals Disclosure Form was correct and contended that even if the correct principal was not disclosed, the intent of the RFA requirements was satisfied because the principals were disclosed as part of a different organizational entity.

(4) DM Redevelopment challenged SP Field for proximity points received for its selected pharmacy because SP Field listed the incorrect address and incorrect distance in its application. Florida Housing agreed with the DM Redevelopment that SP Field should not get proximity points for its pharmacy. SP Field did not dispute the errors but argued that the errors were waivable minor irregularities.

(5) Autumn Palms and SP Field challenged Bayside Breeze and Bayside Gardens for failing to accurately disclose all principals. The challenge was based on an undisputed inconsistency between the Principals Disclosure Form in the application and filings with the Department of State. To explain the discrepancy, Bayside Breeze and Bayside Gardens provided documentary evidence and oral testimony which supported their assertion that the Principals Disclosure Form in their application was correct. Florida Housing agreed with Bayside Breeze and Bayside Gardens.

b) After the hearing, the parties filed Proposed Recommended Orders. After reviewing the Proposed Recommended Orders, the ALJ issued a Recommended Order on May 31, 2023, a copy of which is attached as Exhibit A. The ALJ found:

(1) LDG's application materially deviated from the RFA requirement to disclose all anticipated expenses because LDG failed to include anticipated impact fees within its cost proforma. The ALJ determined

that LDG is ineligible for funding.

(2) Based on prior Florida Housing case precedent, certain contributions in the equity proposals of MHP and MJHS could not be counted as a source of construction funding because the proposals are unclear and ambiguous as to the amount of equity to be paid before construction completion. The exclusion of those contributions caused a funding shortfall which rendered MHP and MJHS ineligible for funding.

(3) The written operating agreement contradicted the oral testimony regarding the principals of the SLP entity disclosed in MHP's application. The evidence presented demonstrated that MHP inaccurately listed the principals of SLP, and the failure to disclose all principals of each entity renders the MHP application ineligible.

(4) Since the pharmacy selected by SP Field does not exist as listed in its application, SP Field cannot claim proximity points for it. Without those proximity points, SP Field remains an eligible application but does not achieve the proximity funding preference.

(5) Bayside Breeze and Bayside Gardens provided written evidence supporting the credible testimony that the correct principals were disclosed to Florida Housing in the application. Bayside Breeze and Bayside Gardens remain eligible applications.

c) The ALJ recommended that Florida Housing enter a final order finding: (i) LDG, MHP, MJHS, and Kissimmee ineligible for funding; (ii) SP Field eligible for funding but not eligible for the proximity funding preference; and (iii) Bayside Breeze and Bayside Gardens eligible for funding.

d) On June 14, 2023, MHP and MJHS filed Joint Exceptions to the Recommended Order, a copy of which is attached as Exhibit B. On June 28, 2023, Heritage and Florida Housing filed a Joint Response to those Exceptions, a copy of which is attached as Exhibit C. No other exceptions were filed in this matter.

e) Some preliminarily funded applicants not impacted by this litigation were previously offered an at-risk invitation to credit underwriting. Attached as Exhibit D is a spreadsheet listing the applications that have been or will be invited to credit underwriting if the Board adopts the Recommended Order.

3. **Recommendation:**

a) Staff recommends the Board:

(1) Reject the exceptions filed by MHP and MJHS;

(2) Adopt the Findings of Fact, Conclusions of Law, and Recommendation of the Recommended Order as its own, and;

(3) Issue a Final Order consistent with those actions in this matter.

2023-019

RESOLUTION

of the

Board of Directors of
Florida Housing Finance Corporation

pertaining to

Issuance of Single Family Bonds

A RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE OF NOT TO EXCEED $1,050,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF (A) FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, SERIES [2023][2024] [IN ONE OR MORE SERIES TO BE DETERMINED] AND/OR (B) FLORIDA HOUSING FINANCE CORPORATION SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES [2023][2024] [IN ONE OR MORE SERIES TO BE DETERMINED], AND/OR FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS (SPECIAL PROGRAM) SERIES [2023][2024] [IN ONE OR MORE SERIES TO BE DETERMINED] (COLLECTIVELY, THE "2023-2024 PHASE ONE BONDS"); AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY, AS APPROPRIATE, OF ONE OR MORE SUPPLEMENTAL TRUST INDENTURES, A NEW TRUST INDENTURE TO GOVERN THE AFORESAID SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES [2023][2024], ONE OR MORE SERIES SUPPLEMENTS - MORTGAGE PURCHASE PROGRAM, A MORTGAGE SERVICING AGREEMENT, IF APPLICABLE, AND ANY OTHER AGREEMENTS OR INSTRUMENTS NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ISSUANCE OF SUCH 2023-2024 PHASE ONE BONDS AND THE OPERATION OF THE 2023-2024 PHASE ONE PROGRAM (AS DEFINED HEREIN), AND TO CARRY OUT THE PURPOSES FOR WHICH SUCH 2023-2024 PHASE ONE BONDS ARE TO BE ISSUED; PROVIDING FOR THE APPLICATION OF THE NET PROCEEDS OF SUCH 2023-2024 PHASE ONE BONDS FOR, AMONG OTHER THINGS, THE PURCHASE OF, OR REIMBURSEMENT TO FLORIDA HOUSING FOR THE PURCHASE OF, CERTAIN SINGLE FAMILY MORTGAGE LOANS OR MORTGAGE BACKED SECURITIES EVIDENCING SUCH SINGLE FAMILY MORTGAGE LOANS AND DOWN PAYMENT AND CLOSING COST ASSISTANCE LOANS IN ORDER TO FINANCE QUALIFIED RESIDENCES INTENDED FOR USE BY PERSONS OF LOW, MODERATE OR MIDDLE INCOME; AUTHORIZING AND APPROVING THE NEGOTIATED SALE OF SUCH 2023-2024 PHASE ONE BONDS; AUTHORIZING THE NEGOTIATION AND EXECUTION OF CONTRACTS OF PURCHASE AND SUCH OTHER DOCUMENTS AS ARE NECESSARY FOR THE NEGOTIATED SALE OF SUCH 2023-2024 PHASE ONE BONDS; AUTHORIZING THE PREPARATION AND CIRCULATION OF PRELIMINARY OFFICIAL STATEMENTS AND/OR OFFICIAL STATEMENTS RELATING TO SUCH 2023-2024 PHASE ONE BONDS; AUTHORIZING A CONTRIBUTION OF NOT TO EXCEED $55,000,000 OF FLORIDA HOUSING MONEYS AS NECESSARY FOR THE 2023-2024 PHASE ONE PROGRAM; AUTHORIZING AN ADVANCE OF NOT TO EXCEED $65,000,000 OF FLORIDA HOUSING MONEYS TO PROVIDE FINANCING FOR FUNDING SINGLE FAMILY

MORTGAGE LOANS AND DOWN PAYMENT AND CLOSING COST ASSISTANCE LOANS PRIOR TO ISSUANCE OF THE 2023-2024 PHASE ONE BONDS; AUTHORIZING THE EXECUTIVE DIRECTOR, THE CHIEF FINANCIAL OFFICER, THE COMPTROLLER, OR OTHER DESIGNATED SIGNATORIES OF FLORIDA HOUSING TO EXECUTE SUCH DOCUMENTS AND TO TAKE ANY OTHER ACTIONS NECESSARY WITH RESPECT TO THE SALE OF MORTGAGE-BACKED SECURITIES AND THE REDEMPTION, AS APPLICABLE, OF CERTAIN SERIES OF BONDS ISSUED BY FLORIDA HOUSING; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS; REQUESTING THE EXECUTIVE DIRECTOR TO APPROVE THE FISCAL DETERMINATION OF SUCH 2023-2024 PHASE ONE BONDS; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN, ANY OTHER MEMBER OF THE BOARD OF FLORIDA HOUSING, THE EXECUTIVE DIRECTOR, THE CHIEF FINANCIAL OFFICER, THE COMPTROLLER OR OTHER DESIGNATED SIGNATORIES FOR FLORIDA HOUSING TO EXECUTE SUCH DOCUMENTS AND TO TAKE ANY OTHER ACTIONS NECESSARY WITH RESPECT TO SUCH 2023-2024 PHASE ONE BONDS AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Florida Housing Finance Corporation (“Florida Housing”), as statutory successor to the Florida Housing Finance Agency (the “Agency”), is a public corporation and a public body corporate and politic duly organized under Florida Housing Finance Corporation Act, as amended (the “Act”), Florida Statutes, Sections 420.501 et seq., and is authorized thereby to issue its bonds from time to time to fulfill its public purposes, which include the origination and purchase of mortgage loans, or mortgage-backed securities evidencing such mortgage loans, and down payment and closing cost assistance loans to finance the acquisition of single family residential housing by persons or families of low, moderate or middle income; and

WHEREAS, pursuant to the Act, Florida Housing is authorized to carry out the public purposes described therein by issuance of its revenue bonds and by pledging residential mortgages or obligations secured by residential mortgages as security for payment of the principal of and interest on such revenue bonds, and by entering into certain agreements made in connection therewith; and

WHEREAS, to alleviate the continuing shortage of affordable residential housing facilities and of capital for investment in and purchasing and financing of such facilities, for low, moderate or middle income persons or families within the State of Florida (the “State”), which constitutes a valid public purpose for the issuance of revenue bonds under the Act, Florida Housing hereby determines (i) to authorize the issuance and sale of not to exceed $1,050,000,000 in aggregate principal amount of its (a) Homeowner Mortgage Revenue Bonds, Series [2023][2024] [One or More Series to be Designated] (the “1995 Indenture Bonds”), and/or (b) Single Family Mortgage Revenue Bonds Series [2023][2024] [One or More Series to be Designated] (the “Single Family Mortgage Revenue Bonds”), and/or (c) Homeowner Mortgage Revenue Bonds (Special Program) Series [2023][2024] [One or More Series to be Designated] (the “Special Program Bonds”), as tax-exempt or taxable bonds (together, the 1995 Indenture Bonds, the Single Family Mortgage Revenue Bonds and the Special Program Bonds are referred to as the “2023-2024 Phase One Bonds”), through a public offering or through a private placement under and pursuant, respectively, to (A) that Trust Indenture, dated as of October 1, 1995, under which the 1995 Indenture Bonds are to be issued (as such Trust Indenture has been amended and supplemented and as the same may be further amended and supplemented from time to time, the “1995 Indenture”) between the Agency and The Bank of New York Trust Company of Florida, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as trustee (the “1995 Trustee”), to which Indenture Florida Housing, as the statutory successor to the Agency, has succeeded to all rights and obligations of the Agency thereunder, and/or (B) a Trust Indenture to be executed after the date of approval hereof, between Florida Housing and a trustee bank (the “Single Family Mortgage Revenue Trustee”) to be designated by Florida Housing (as the same may be amended or supplemented from time to time, the “Single Family Mortgage Revenue Indenture”) pursuant to which the Single Family Mortgage Revenue Bonds, are to be issued, the terms of which Single Family Mortgage Revenue Indenture, in furtherance of the public purposes of Florida Housing, shall be determined by the Executive Director, the Chief Financial Officer, or the Comptroller, in consultation with the staff of Florida Housing, the Independent Registered Municipal Advisor, Bond Counsel and Special Counsel, and the execution of which by the Executive Director, the Chief Financial Officer, or the Comptroller shall constitute conclusive evidence of the approval of the Single Family Mortgage Revenue Indenture by Florida Housing, and/or (C) that Master Trust Indenture, dated as of December 1, 2009, under which the Special Program Bonds are to be issued (as such Trust Indenture has been amended and supplemented and as the same may be further amended and supplemented from time to time, the “Special Program Indenture” and, together with the 1995 Indenture and the Single Family Mortgage Revenue Indenture, the “Indentures” and, each, an “Indenture”), between Florida Housing and The Bank of New York Mellon Trust Company, N.A.), as trustee (the “Special Program Trustee” and, together with the 1995 Trustee and the Single Family Mortgage Revenue Trustee, the “Trustees” and, each, a “Trustee”), (ii) to apply a portion of the net proceeds of the 2023-2024 Phase One Bonds to refund certain outstanding single family mortgage revenue bonds of Florida Housing or obligations issued to refund such bonds, (iii) to apply the balance of the net proceeds of the 2023-2024 Phase One Bonds (together with additional funds deposited by Florida Housing) to pay costs of issuance of the 2023-2024 Phase One Bonds and to purchase, or reimburse Florida Housing for the purchase of, obligations (including participations therein) backed by or consisting of certain mortgage loans originated by qualified participating lending institutions in order to finance qualified residential housing intended for use as a permanent place of residence by persons or families of low, moderate or middle income, including down payment and closing cost assistance loans and mortgage-backed securities (“Mortgage-Backed Securities”) issued by the Federal National Mortgage Association (“Fannie Mae”), the Government National Mortgage Association (“Ginnie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) pursuant to mortgage origination and sale agreements and to be administered by the applicable Trustee or a program administrator (clauses (ii) and (iii) immediately preceding being referred to hereinafter as the “2023-2024 Phase One Program”), (iv) to secure repayment of such 2023-2024 Phase One Bonds and other parity bonds issued or to be issued under the applicable Indenture by a pledge and assignment of the obligations (including participations therein) backed by or consisting of mortgage notes, the related mortgages, the proceeds thereof and Florida Housing’s interest in certain insurance proceeds or the Mortgage-Backed Securities and certain reserve funds (if necessary) and investment earnings, and (v) to use such other security as it further determines to be necessary or appropriate to obtain acceptable ratings on the 2023-2024 Phase One Bonds from nationally recognized rating agencies as required by the Indenture; and

WHEREAS, as part of the 2023-2024 Phase One Program, Florida Housing anticipates that it may utilize not to exceed $65,000,000 of funds of Florida Housing legally available for such purpose, including funds drawn under the Federal Home Loan Bank Liquidity Advance Line (the "Federal Home Loan Bank LAL") previously executed by Florida Housing pursuant to authority of resolutions adopted on April 30, 2010, to purchase obligations (including participations therein) backed by or consisting of certain mortgage loans originated by qualified participating lending institutions in order to finance qualified residential housing intended for use as a permanent place of residence by persons or families of low, moderate or middle income, including down payment and closing cost assistance loans and Mortgage-Backed Securities issued by Fannie Mae, Ginnie Mae and Freddie Mac, prior to the issuance of the 2023-2024 Phase One Bonds; and

WHEREAS, the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Regulations") require Florida Housing to declare its official intent in connection with such purchases prior to the issuance of the 2023-2024 Phase One Bonds in order to allow Florida Housing to be reimbursed for such expenditures from a portion of the proceeds of the 2023-2024 Phase One Bonds, when and if the 2023-2024 Phase One Bonds are issued; and

WHEREAS, it is intended by Florida Housing that this Resolution constitutes a declaration of official intent with respect to the reimbursement, from proceeds of the 2023-2024 Phase One Bonds, of those certain purchases of such obligations made or to be made by Florida Housing for the 2023-2024 Phase One Program prior to the issuance of the 2023-2024 Phase One Bonds; and

WHEREAS, Florida Housing has issued various series of revenue bonds (the "Florida Housing Bonds") pursuant to one or more trust indentures (the "FHFC General Indentures") and supplemental trust indentures executed and delivered from time to time in connection with the issuance with one or more series of such bonds (the "FHFC Supplemental Indentures," and collectively with the FHFC General Indentures, the "FHFC Indentures"), by and between Florida Housing and the institutions designated as trustees under the FHFC Indentures, for the purpose of purchasing mortgage loans and Mortgage-Backed Securities; and

WHEREAS, pursuant to the FHFC Indentures, Florida Housing is authorized to sell Mortgage-Backed Securities in order to provide funds for the redemption or purchase of a principal amount of bonds corresponding to the unpaid principal amount of such Mortgage-Backed Securities upon satisfaction of certain terms and conditions of the FHFC Indentures; and

WHEREAS, pursuant to the Act, as an alternative to the issuance of bonds in order to purchase mortgage loans to be pledged as security for such bonds, Florida Housing is authorized to purchase and sell such mortgage loans at public or private sale, with or without public bidding, and in the form of Mortgage-Backed Securities secured by such mortgage loans but not allocated to bonds issued by Florida Housing; and

WHEREAS, pursuant to the Act, Florida Housing has reviewed the relative advantages of the sale of Mortgage-Backed Securities securing certain series of bonds and the redemption of a corresponding amount of such series of bonds, the sale of Mortgage-Backed Securities held by, or on behalf of, Florida Housing but not allocated to a series of bonds, and the future purchase and sale, from time to time, of Mortgage-Backed Securities secured by mortgage loans, as an alternative to financing mortgage loans with the proceeds of bonds issued by Florida Housing (collectively, "MBS Sales"); and

WHEREAS, based on the foregoing, Florida Housing hereby makes the following finding of fact:

> In order to continue to provide mortgage loans to low, moderate or middle income persons at competitive interest rates, it is in the best interest of Florida Housing to exercise, from time to time, its authority (a) to sell Mortgage-Backed Securities securing certain series of bonds and to cause the redemption of a corresponding amount of such series of bonds, (b) to sell Mortgage-Backed Securities held by or on behalf of Florida Housing but not yet allocated to any series of bonds and (c) to sell future Mortgage-Backed Securities secured by mortgage loans, each as an alternative to financing mortgage loans with the proceeds of bonds issued by Florida Housing; provided that (A) any bonds to be redeemed in conjunction with MBS Sales as described in this finding of fact must be subject to redemption at the option of Florida Housing on or prior to December 31, 2024 and (B) the authorization to effect MBS Sales under this Resolution shall terminate on December 31, 2024, unless this Resolution is amended or supplemented.

WHEREAS, due to fluctuations in interest rate levels, Florida Housing may incur "negative arbitrage" between the earnings it anticipates to be available from investment of the proceeds of the 2023-2024 Phase One Bonds and the interest it will be obligated to pay the holders of the 2023-2024 Phase One Bonds; and

WHEREAS, to minimize such negative arbitrage, it may be advantageous for Florida Housing to divide the 2023-2024 Phase One Program into two or more subprograms; and

WHEREAS, the 2023-2024 Phase One Bonds shall be issuable all at one time or from time to time, in one or more series, as tax-exempt or taxable obligations, with such interest rate structures, maturities, redemption provisions, tender provisions and other terms and conditions (including, without limitation, serial bonds, term bonds, current interest bonds, fixed rate bonds, variable rate bonds, premium bonds, discount bonds, stepped coupon bonds, zero coupon bonds or capital appreciation bonds ("CABs"), short term notes, convertible option bonds ("COBs"), planned amortization class ("PAC") bonds, premium PAC bonds, or pass-through bonds, or combinations of such bond structures), as shall be determined by the

Executive Director, the Chief Financial Officer, or the Comptroller to be in the best interests of Florida Housing; and

WHEREAS, the Act requires the 2023-2024 Phase One Bonds to be sold by competitive public sale, unless Florida Housing determines by official action at a public meeting that a negotiated sale or private placement of the 2023-2024 Phase One Bonds is in the best interest of Florida Housing, in which event the Act authorizes Florida Housing to negotiate for the sale or placement of the 2023-2024 Phase One Bonds to or through the underwriter or underwriters or placement agent designated by Florida Housing; and

WHEREAS, Florida Housing has reviewed the market conditions and trends affecting the sale of the 2023-2024 Phase One Bonds; and

WHEREAS, Florida Housing has reviewed the relative advantages of negotiated sale and private placement versus competitive sales in light of the current and anticipated market conditions; and

WHEREAS, Florida Housing has considered what would be in the best interest of the 2023-2024 Phase One Program, Florida Housing and the public; and

WHEREAS, the complexities inherent in single family mortgage bonds issued under general indentures, the anticipated bond structure and the need for flexibility in the timing of the issuance of the 2023-2024 Phase One Bonds render the 2023-2024 Phase One Bonds a candidate for negotiated sale; and

WHEREAS, based on the foregoing, Florida Housing hereby makes the following finding of fact:

> A negotiated sale of the 2023-2024 Phase One Bonds as provided for herein is in the best interest of the 2023-2024 Phase One Program, the public and Florida Housing based on the current market conditions, the complexities inherent in single family mortgage bonds issued under general indentures, the anticipated bond structure and the need for flexibility in the timing of the 2023-2024 Phase One Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

1. The recitals to this Resolution set forth above are adopted as findings of Florida Housing and are incorporated in this Resolution as though fully set forth herein.

2. The issuance and sale by Florida Housing of its (i) Homeowner Mortgage Revenue Bonds, Series [2023][2024] [One or More Series to be Determined], and/or (ii) Single Family Mortgage Revenue Bonds, Series [2023][2024] [One or More Series to be Determined], and/or (iii) Homeowner Mortgage Revenue Bonds (Special Program) Series [2023][2024] [One or More Series to be Determined], in each case as tax-exempt or taxable bonds, in an aggregate principal amount not to exceed $1,050,000,000 (the aforementioned bonds

described in clause (i) and/or (ii) and/or (iii) hereof, the "2023-2024 Phase One Bonds"), with such interest rate structures, maturities, redemption provisions, tender provisions and other terms and conditions (including, without limitation, serial bonds, term bonds, current interest bonds, fixed rate bonds, variable rate bonds, premium bonds, discount bonds, stepped coupon bonds, zero coupon bonds or CABs, short term notes, COBs, PAC bonds, premium PAC bonds, or pass-through bonds, or combinations of such bond structures), as shall be determined by the Executive Director, the Chief Financial Officer, or the Comptroller, in consultation with the staff of Florida Housing, the Independent Registered Municipal Advisor, Bond Counsel and Special Counsel, are hereby authorized and for the purposes set forth in the recitals to this Resolution. Each of the Executive Director, the Chief Financial Officer, and the Comptroller, acting alone, but in consultation with the staff of Florida Housing, the Independent Registered Municipal Advisor, Bond Counsel and Special Counsel, is delegated the authority to conduct one or more sales of such 2023-2024 Phase One Bonds and the authority to determine the portion, if any, of prior obligations of Florida Housing to be refunded and redeemed.

3. Florida Housing authorizes the preparation of (i) one or more supplemental trust indentures and, with respect to the Single Family Mortgage Revenue Bonds, a new trust indenture, setting out the terms and conditions of each series of 2023-2024 Phase One Bonds, (ii) a Series Supplement — Mortgage Purchase Program, if necessary, to be entered into by and among Florida Housing, participating lending institutions and a program administrator/servicer, (iii) a servicing agreement, if necessary, to be entered into by Florida Housing and the applicable counterparties thereto, and (iv) such other documents as may be necessary in connection with the issuance or securing of each series of 2023-2024 Phase One Bonds, including investment contracts and letters of representation with respect to the utilization of a book-entry-only system for the registration of 2023-2024 Phase One Bonds, all in such form as may be approved by the Chairman, the Vice Chairman, any other member of the Board of Directors of Florida Housing, the Executive Director, the Chief Financial Officer, or the Comptroller (or such person serving in either such capacity during any vacancy in such position) and such other officers of Florida Housing as designated by separate resolution (each an "Authorized Signatory"), and attested to by the Secretary or any Assistant Secretary of Florida Housing. The execution of such instruments and documents by an Authorized Signatory and the attestation thereof shall be conclusive evidence of such approval.

4. Florida Housing staff is hereby authorized to (i) select lending institutions for participation in the 2023-2024 Phase One Program and (ii) determine commitment fees, if any, to be paid by lending institutions.

5. The 2023-2024 Phase One Program may include, as determined by the Executive Director, the Chief Financial Officer, or the Comptroller, in consultation with the staff of Florida Housing, the Independent Register, Bond Counsel and Special Counsel, based on the demand for special programs, (i) the Advantage loan pool for homebuyers in Urban Infill Areas, HOPE VI Communities, Front Porch Communities and Rural Development Communities and persons defined as handicapped by the Fair Housing Amendment Act of 1988; (ii) set asides for special categories that serve the public purposes of the Act and the 2023-2024 Phase One Program,; (iii) a down payment and closing costs assistance program;

(iv) participation in programs to provide assistance to victims of, or areas affected by, natural disasters within the State and (v) participation in other special purpose programs that serve the mission of Florida Housing and the needs of the citizens of the State.

6. A negotiated sale or private placement of the 2023-2024 Phase One Bonds is in the best interest of Florida Housing and of the public. The initial issuance of 2023-2024 Phase One Bonds shall be negotiated for sale by Florida Housing underwriters or institutional investors as designated by Florida Housing or the Executive Director, the Chief Financial Officer, or the Comptroller (or such person serving in either such capacity during any vacancy in such position), hereinafter referred to collectively as the "Underwriters". The Underwriters (other than institutional investors) for the 2023-2024 Phase One Bonds shall be selected from the pool of underwriters previously selected by the Board of Directors of Florida Housing pursuant to a request for qualifications process and approved by Florida Housing and designated by Florida Housing or the Executive Director, the Chief Financial Officer, or Comptroller (or such person serving in either such capacity during any vacancy of such position). Each of the Executive Director, the Chief Financial Officer, and the Comptroller, acting alone, but in consultation with the staff of Florida Housing and the Financial Advisor, is delegated the authority to select the senior manager from among the Underwriters and to approve institutional investors for any private placement.

7. The Executive Director, Chief Financial Officer, the Comptroller, and the staff of Florida Housing are authorized to negotiate with the Underwriters as necessary to sell the 2023-2024 Phase One Bonds by negotiated sale pursuant to this Resolution. Each Authorized Signatory is hereby authorized to execute, and only one of them need execute, such documents as are necessary to sell the 2023-2024 Phase One Bonds and the Secretary and each Assistant Secretary of Florida Housing is hereby authorized to attest to the execution thereof.

8. The authority to execute a Contract or Contracts of Purchase for the 2023-2024 Phase One Bonds is predicated upon such Contract or Contracts of Purchase for the 2023-2024 Phase One Bonds providing for an interest rate on each series of the 2023-2024 Phase One Bonds which would facilitate a weighted average mortgage loan yield under the 2023-2024 Phase One Program of not to exceed fifteen percent (15.00%) and would provide for 2023-2024 Phase One Bond sales in conformance with the 2023-2024 Phase One Program documents. Notwithstanding the foregoing, (i) Florida Housing may increase or decrease from time to time the interest rate on the mortgage loans to be originated as part of the 2023-2024 Phase One Program in a manner consistent with the requirements of the applicable Indenture, and (ii) as determined by Florida Housing staff, Florida Housing may establish mortgage loan interest rates below the standard mortgage loan interest rate for the 2023Phase One Program in order to address populations or areas of special need and mortgage loan rates above the standard mortgage loan interest rate for the 2023-2024 Phase One Program in order to facilitate providing down payment and closing costs assistance. The Executive Director, the Chief Financial Officer, or the Comptroller (or such person serving in any such capacity during any vacancy in such positions) shall determine for Florida Housing (i) whether the 2023-2024 Phase One Bonds can be sold in an amount, at an interest rate or under conditions that are in the best interest of the public and the 2023-2024 Phase One Program and (ii) the rating(s), if any, required for the 2023-2024 Phase One Bonds, taking into consideration the marketing conditions and the best interests of the public. The execution

of the Contract or Contracts of Purchase for the sale of the 2023-2024 Phase One Bonds shall be conclusive evidence that such determinations have been made and no further action shall be required on the part of Florida Housing under this Resolution to effect the sale of the 2023-2024 Phase One Bonds to the Underwriters.

9. In order to facilitate the 2023-2024 Phase One Program, Florida Housing is hereby authorized to contribute, from available funds of Florida Housing, an amount not to exceed $55,000,000 necessary to fund any "negative arbitrage" on the 2023-2024 Phase One Bonds during the origination period for mortgage loans under the 2023-2024 Phase One Program, to pay costs of issuance of the 2023-2024 Phase One Bonds, to redeem bonds, to pay any redemption premium due on any obligations refunded with proceeds of 2023-2024 Phase One Bonds, to buy down the mortgage loan interest rate to address populations or areas of special need or to otherwise promote the objectives of the 2023-2024 Phase One Program, or some combination of such uses. Such contribution may be funded from (i) amounts available under the applicable Indenture or (ii) other available monies of Florida Housing.

10. In order to facilitate the 2023-2024 Phase One Program, Florida Housing is hereby authorized to advance an amount not to exceed $65,000,000 to purchase obligations (including participations therein) backed by or consisting of certain mortgage loans originated by qualified participating lending institutions in order to finance qualified residential housing intended for use as a permanent place of residence by persons or families of low, moderate or middle income, including down payment and closing cost assistance loans and Mortgage-Backed Securities issued by Fannie Mae, Ginnie Mae and Freddie Mac, prior to the issuance of the 2023-2024 Phase One Bonds. Such advance may be funded from (i) amounts available under an Indenture, or (ii) other available monies of Florida Housing including amounts drawn under the Federal Home Loan Bank LAL. Any sums so advanced by Florida Housing shall be reimbursed from the proceeds of the 2023-2024 Phase One Bonds when and if issued.

11. The Executive Director, the Chief Financial Officer, or the Comptroller (or such persons serving in any such capacity during any vacancy in such positions) and such other officers of Florida Housing as designated by separate resolution are each hereby authorized to prepare or cause to be prepared, printed and/or distributed, electronically or otherwise, sufficient copies of the preliminary official statement and the final official statement relating to the public offering of the 2023-2024 Phase One Bonds necessary to effect the sale of the 2023-2024 Phase One Bonds; to contract with one or more national rating services to rate the 2023-2024 Phase One Bonds; to conduct informational meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale and delivery of the 2023-2024 Phase One Bonds.

12. The 2023-2024 Phase One Bonds shall be executed as provided by law. In case any one or more of the officers who signed or sealed any of the 2023-2024 Phase One Bonds shall cease to be such officer of Florida Housing before the 2023-2024 Phase One Bonds so signed and sealed shall have been actually sold and delivered, such 2023-2024 Phase One Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such 2023-2024 Phase One Bonds had not ceased to hold such office. Any 2023-2024 Phase One Bonds may be signed and sealed on behalf of Florida

Housing by such person who at the actual time of the execution of such 2023-2024 Phase One Bonds shall hold the proper office, although at the date of such 2023-2024 Phase One Bonds, such person may not have been so authorized.

13. Each Authorized Signatory is hereby authorized and empowered, collectively and individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of Florida Housing which are necessary or desirable in connection with the offering, sale, execution and delivery of the 2023-2024 Phase One Bonds and which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the 2023-2024 Phase One Bonds heretofore taken by Florida Housing, including, without limitation, the procurement of one or more bond insurance policies to secure some or all of the 2023-2024 Phase One Bonds.

14. Notwithstanding any provision of this Resolution to the contrary, Florida Housing is specifically authorized to divide the 2023-2024 Phase One Program as described herein among one or more separate bond issuances, each with mortgage interest rates, program provisions and other requirements that are consistent with this Resolution though they differ among such separate bond issuances.

15. The statements contained in this Resolution with respect to the reimbursement of funds expended by Florida Housing for certain purchases of obligations made or to be made by Florida Housing for the 2023-2024 Phase One Program prior to the issuance of the 2023-2024 Phase One Bonds are intended to be statements of official intent as required by, and in conformance with, the provisions of the Regulations, Section 1.150-2(e). The expenditures to be reimbursed pursuant to this Resolution will be incurred after the date sixty (60) days before the date of this Resolution. Florida Housing reasonably expects to reimburse itself for the expenditures contemplated under this Resolution subsequent to the date hereof with a portion of the proceeds of the 2023-2024 Phase One Bonds, when and if issued, and no funds from sources other than the "reimbursement bond issue" (as such term has the meaning assigned to it under the Regulations) portion of the 2023-2024 Phase One Bonds are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside by Florida Housing pursuant to the budget or financial policies of Florida Housing to pay for such expenditures. Upon receipt of the proceeds of the 2023-2024 Phase One Bonds (or within thirty (30) days thereafter), Florida Housing shall allocate in writing the amount of proceeds of the 2023-2024 Phase One Bonds used to reimburse the prior purchase of obligations in connection with the 2023-2024 Phase One Program (herein, the "Prior Expenditures"). Such allocation will be accomplished within eighteen (18) months from the date such Prior Expenditures were incurred.

16. The Executive Director of Florida Housing is hereby requested to approve the fiscal determination of the 2023-2024 Phase One Bonds in accordance with applicable law.

17. MBS Sales, by either competitive or negotiated sale, at such times as shall be determined by the Executive Director, the Chief Financial Officer, or the Comptroller, in consultation with staff of Florida Housing and Florida Housing's designated financial advisor (the "Financial Advisor"), are hereby authorized for the purposes set forth in the recitals to this Resolution; provided that (i) any bonds to be redeemed in conjunction with MBS Sales as

described in this finding of fact must be subject to redemption at the option of Florida Housing on or prior to December 31, 2024 and (ii) the authorization to effect MBS Sales under this Resolution shall terminate on December 31, 2024, unless this Resolution is amended or supplemented.

18. Florida Housing authorizes the preparation of such instruments and documents as may be necessary in connection with MBS Sales, all in such form as may be approved by the Executive Director, the Chief Financial Officer, or the Comptroller (or such person serving in either such capacity during any vacancy in such position). The execution of such instruments and documents by an authorized signatory of Florida Housing and the attestation thereof by the Secretary or any Assistant Secretary of Florida Housing shall be conclusive evidence of such approval.

19. All other prior resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution but only to the extent of any such inconsistency.

20. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Executive Director, the Chief Financial Officer, or the Comptroller (or such persons serving in any such capacity during any vacancy in such positions) relating to the sale and issuance of the 2023-2024 Phase One Bonds or the implementation of the 2023-2024 Phase One Program are hereby approved and ratified.

21. The Executive Director, the Chief Financial Officer, or the Comptroller (or such persons serving in any such capacity during any vacancy in such positions) shall cause the results of the sale of the 2023-2024 Phase One Bonds to be reported at the next meeting of the Board of Directors of Florida Housing following execution of the Contract or Contracts of Purchase.

22. The award of each series of 2023-2024 Phase One Bonds by the Executive Director, the Chief Financial Officer, or the Comptroller (or such persons serving in any such capacity during any vacancy in such positions) shall be final without any further action by Florida Housing.

23. This Resolution shall take effect immediately upon adoption.

ADOPTED THIS 21st DAY OF JULY, 2023.

(SEAL)

ATTEST:

____
Melissa Levy, Assistant Secretary
Florida Housing Finance Corporation,
Board of Directors

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

____
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 21st day of July, 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/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 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: __________

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

July 10, 2023

Mr. David Westcott
Managing Director of Homeowner Programs
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: Willie Downs Villas – HOME / RFA 2016-101 (2016-321H)
Construction Completion Analysis and Recommendation – Additional Funding Recommendation

Dear Mr. Westcott:

On January 12, 2023, Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") Staff engaged Seltzer Management Group, Inc. ("SMG" or "Seltzer") to assess the current status of the unfinished construction of Willie Downs Villas ("Development" or "Willie Downs"). The objective was, based on Seltzer's review of a construction completion budget and operating pro forma, to determine if the Development can support the anticipated debt service and operating expenses, if there are adequate funding sources to complete construction, and if there is a funding gap, provide a recommendation for the amount of additional funding needed to complete construction and achieve stabilized occupancy. As per your instructions, SMG has reviewed the request and formulated a recommendation that FHFC allocate an additional $1,000,000 of HOME funds, to be used in conjunction with the remaining portions of the Development's existing loans, for the construction and permanent financing of the Development. All remaining undrawn HOME funds will be allocated in accordance with FHFC's directives. These funds may be returned to FHFC, utilized to reduce existing debt, or allocated as per FHFC's instructions at that time.

Seltzer reviewed the request, performed certain due diligence and formulated an analysis for FHFC's consideration. For purposes of this analysis, Seltzer reviewed the following due diligence:

- Rule 67-48 ("Rule")
- FHFC Request for Applications ("RFA") 2016-101
- Willie Downs Villas Final CUR, dated October 12, 2017
- Final closing sign-off letter, budget, and construction draw schedule dated August 8, 2018
- FHFC HOME Mortgage and Security Agreement, dated August 8, 2018
- FHFC HOME Program Land Use Restriction Agreement ("LURA"), dated August 8, 2018
- Highlands County Housing Authority, Inc. ("HCHAI") State Housing Initiatives Partnership ("SHIP") Mortgage, dated August 2, 2022
- HCHAI SHIP) Program LURA, dated August 2, 2018
- First Bank Construction Mortgage, dated August 8, 2018
- First Bank Mortgage Modification Agreement, dated May 29, 2020
- Geotechnical Engineering and Construction Materials Evaluation completed by Ardaman & Associates, Inc. ("Ardaman"), dated April 8, 2023

- Real Estate Appraisal completed by Meridian Appraisal Group ("Meridian") dated March 8, 2023, with a valuation date of January 19, 2023
- Numerous Site Observation reports completed by C3 Consulting Group, Inc. ("C3")
- Property Condition Assessment ("CNA") completed by Moran Construction Consultants, LLC ("Moran"), dated February 17, 2023
- AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor, Bevis Construction Inc. ("Bevis"), dated April 26, 2023, in the amount of $1,172,030
- Emergency repairs bid/proposal from Bevis dated March 10, 2023, in the amount of $65,314
- Title Search completed by Chicago Title Insurance Company, dated February 15, 2023
- Development and Completion Plan Summary, completed Steve Kropp, Florida Housing Coalition ("FHC") Technical Assistance Provider ("TAP"), dated June 16, 2023

Background Summary

The proposed Development is located at 2300 Hammock Road in Sebring, Highland County, Florida 33872. The Development will consist of 50 units within 13 residential quadraplex buildings, and a clubhouse.

The Applicant/Borrower, HCHAI, is a Florida Not for Profit Corporation formed February 19, 2016, and is governed by a Board of Directors. A copy of the Articles of Incorporation was provided for the Applicant. The current Certificate of Status was verified with the Secretary of State.

The Development was preliminarily awarded $4,531,000 in HOME funds for the construction 50 new units located in Highlands County. SMG submitted a negative recommendation in the final Credit Underwriting Report ("CUR"). With agreement from FHFC Staff, the negative recommendation was presented to the FHFC Board at the December 8, 2017 meeting. Despite the negative recommendation, the FHFC Board approved a HOME Loan in the amount of $4,531,000 for the Development was approved at the December Board Meeting. The Borrower closed on a First Mortgage with First Bank in the amount of $1,146,250, and the FHFC HOME loan on August 8, 2018.

Following the closing of Willie Downs, progress proceeded on a normal schedule throughout 2019, with Florida Housing receiving regular construction draw requests. However, in 2020, a slowdown in draw requests occurred, with only one submitted in 2020 and one in 2021. Initially, this slowdown was attributed to the COVID-19 pandemic, which significantly impacted the timely completion of construction projects. Since 2021, there was been minimal reported progress on the Development, with a construction inspection indicating construction was 96% complete. In 2023, an inspection conducted by Moran estimated Willie Downs was approximately 87% complete. The reduction in construction completion is partially due to the Development remaining unfinished and unoccupied for several months. Consequently, HCHAI officially terminated the construction contract with GHD Construction Services, Inc. ("GHD") due to default on August 12, 2022, and requested Frankenmuth Mutual Insurance Company, under their Performance Bond, to assume responsibility. Frankenmuth Mutual Insurance Company responded on December 21, 2022, advising that to mitigate costs, HCHAI should proceed with completing GHD's contract.

Current Summary

To develop a completion plan, the FHC TAP helped the Applicant assemble a development team and engaged with Highlands County Building Department officials. The TAP's assignment was to develop a plan, timeline, and budget to address all other issues needed to complete Willie Downs Villas. The assignment included creating a plan and coordinating team members to fix the outstanding site and unit defects and issues resulting from the project remaining incomplete for the last three years. The TAP has prepared a budget that appears to include all the construction costs needed to complete the project: the remaining soft costs, third party evaluations/reports, numerous outstanding invoices, as well as a small lease-up reserve to fund the negative cashflow until the units are completed and leased.

Based on the recommendations of the CNA and Highlands County's requirements, a new site plan must be submitted that identifies and remediates the drainage problems. The engineer is aware of the issues and is working with an "as-built" survey to complete the site plan modifications. In addition to evaluating the drainage, mold issues must be studied, and sewer lines evaluated. Bids have been obtained for these items and the costs are included in the budget. In the preparation of the completion plan and budget, a comprehensive review of the reports outlined at the end of this plan was completed. In addition, the TAP reviewed the underwriting report, title update, appraisal, and correspondence with the bonding company. The TAP estimates are reflected in the *Revised Applicant Costs* column of the *Uses of Funds* section below.

Seltzer and the TAP reviewed various third-party reports to assess the building foundations, suitability of the soil, water damage, and drainage issues. On April 26, 2023, the Borrower signed an AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor with Bevis. Based on conversations between the TAP and Bevis regarding the scope of the sitework repairs needed to remediate flooding, the GC Contract amount is anticipated to increase to $1,454,753 (Hard Costs: $1,170,530, Insurance: $15,000, and GC Fee: $269,223), as reflected in the table below in the *Use of Funds* section. As detailed below, Seltzer is recommending FHFC provide $1,000,000 of additional HOME funding for construction completion and permanent financing of the Development.

The TAP estimates project completion taking approximately six months to achieve. Several interior items can be initiated immediately, but it could take a month or more to complete revisions to the site plan and reopen the building permits. The job can be started as soon as all the funding is secured, permits received, the development team is ready to be engaged, and once the construction contract is finalized.

To ensure the successful implementation of the TAP's plan, it is crucial to promptly engage specific professionals such as engineers, architects, and others. This will help prevent any further loss and expedite the process. The TAP strongly recommends accessing the available funds from the existing SHIP loan (as outlined below in the Sources) to initiate the necessary steps required for local building department reviews, comments, and approvals. This proactive approach will facilitate progress and ensure timely implementation of the TAP's objectives.

Total Development Costs

Since closing, Total Development Costs (“TDC”) have increased from $5,767,407 to $6,787,150, an increase of $1,019,742.75 (approximately 18%). The change to TDC is primarily due to increases in construction costs, hard cost contingency, and soft cost contingency.

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Use of Funds

Note: In the following tables, the *Applicant Costs* column reflects the TDC from the August 8, 2018 loan closing, the *Revised Applicant Costs* column reflects the costs as estimated by the Technical Assistance Provider in the June 16, 2023, Development Completion Plan Summary.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accessory Buildings	$85,000			$0
Demolition				$0
Installation of Pre Fab Units				$0
New Rental Units	$2,654,000	$944,830	$944,830	$18,897
Off-Site Work				$0
Recreational Amenities	$23,500			$0
Rehab of Existing Common Areas				$0
Rehab of Existing Rental Units				$0
Site Work	$700,000	$219,700	$219,700	$4,394
Swimming Pool				$0
Furniture, Fixture, & Equipment				$0
Hard Cost Contingency - in Constr. Cont.				$0
Constr. Contr. Costs subject to GC Fee	$3,462,500	$1,164,530	$1,164,530	$23,291
General Conditions		$130,700	$45,500	$910
Overhead	$484,750		$85,200	$1,704
Profit		$138,523	$138,523	$2,770
Builder's Risk Insurance		$15,000	$15,000	$300
Total Construction Contract/Costs	$3,947,250	$1,448,753	$1,448,753	$28,975
Hard Cost Contingency	$197,000	$65,000	$300,000	$6,000
PnP Bond paid outside Constr. Contr.	$59,074			$0
Other: Construction Costs Already Paid		$3,454,923	$3,454,923	$69,098
Total Construction Costs:	**$4,203,324**	**$4,968,676**	**$5,203,676**	**$104,074**

Notes to Construction Costs:

1. The Applicant has provided an AIA A101 Standard Form of Agreement between Owner and Bevis where the basis of payment is a Stipulated Sum dated April 26, 2023, with supplemental estimate dated June 7, 2023, in the amount of $1,523,753. The contract provides for a 6-month construction period (est. 210 days). Seltzer estimates an a 4-month stabilization period, resulting in a total construction/stabilization period of 10-months.

   Correcting the Development's sitework to address improper drainage and stormwater management constitutes a significant portion of the construction budget. It is essential to rectify these issues in order to comply with regulatory requirements and reopen the building permits. The necessary sitework modifications are crucial for ensuring proper drainage and effective stormwater management.

   According to the TAP, several interior items can be initiated immediately, but it could take a month or more to complete revisions to the site plan and reopen the building permits. The job can be started as soon as all the funding is secured, the development team is ready to be engaged, and once the construction contract is finalized.

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2. Seltzer reviewed a CNA from Moran dated February 17, 2023, related to the Bevis construction contract and budget. Moran notes that based on the current itemized schedule of values, the budget appears adequate to complete the scope of work. SMG notes that the GC Contract is anticipated to increase to incorporate additional sitework for stormwater drainage.

3. Contract costs not subject to GC Fee ($184,023) reflects the total amount of construction costs that have been incurred and paid in association with the original GC and contract.

4. To ensure adequate funding to complete construction, and Seltzer recommends a Hard Cost Contingency in the amount of $300,000. Any unused contingency will be return to FHFC and used at their discretion.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees				$0
Appraisal	$6,000			$0
Architect's and Planning Fees				$0
Architect's Fee - Site/Building Design	$50,000	$15,000	$15,000	$300
Architect's Fee - Supervision	$8,000			$0
Building Permits	$40,000	$5,000	$5,000	$100
Builder's Risk Insurance	$15,000			$0
Capital Needs Assessment/Rehab				$0
Engineering Fees	$36,963	$15,000	$15,000	$300
Environmental Report	$31,635	$21,350	$21,350	$427
Federal Labor Standards Monitoring				$0
FHFC Administrative Fees				$0
FHFC Application Fee	$3,000			$0
FHFC Credit Underwriting Fee	$0		$24,500	$490
Lender Inspection Fees / Const Admin	$17,040			$0
Insurance	$0	$3,500	$3,500	$70
Legal Fees - Organizational Costs	$38,200	$5,000	$5,000	$100
Local Subsidy Underwriting Fee				$0
Market Study	$5,000			$0
Marketing and Advertising	$20,000			$0
Plan and Cost Review Analysis	$1,800			$0
Property Taxes	$3,733			$0
Soil Test	$9,000			$0
Survey	$20,000	$14,000	$8,000	$160
Tenant Relocation Costs				$0
Title Insurance and Recording Fees	$35,000			$0
Traffic Study				$0
Utility Connection Fees	$100,000			$0
Soft Cost Contingency	$21,087	$10,000	$35,000	$700
Other: General Dev. Costs Already Paid		$363,811	$363,811	$7,276
Other: Past Due / Open Invoices		$88,139	$88,139	$1,763
Total General Development Costs:	**$461,458**	**$540,800**	**$584,300**	**$11,686**

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Notes to General Development Costs:

1. Architect's and Engineering Fees reflect the anticipated costs to revise the site plans to correct the observed storm water drainage problems
2. Environmental Report includes all third-party reports engaged to assess the current state of the incomplete development site
3. FHFC Credit Underwriting Fee reflects an estimated fee for the assessment and recommendation of additional funding for the Willie Downs construction completion plan
4. General Dev. Costs Already Paid reflects the total amount of general development costs that have been incurred and paid in association with the original transaction
5. Past Due / Open Invoices reflects the costs that have been incurred but not paid. These are not necessarily general development costs, but were combined into a single line item to isolate costs that will require payment on or before closing on additional funding.
6. Other general development costs reflect the estimates provided by the TAP, and appear reasonable

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Application Fee				$0
Construction Loan Underwriting Fee				$0
Construction Loan Origination Fee	$11,463			$0
Construction Loan Commitment Fee				$0
Construction Loan Closing Costs	$124			$0
Construction Loan Interest	$41,520	$30,000	$40,831	$817
Construction Loan Servicing Fees				$0
Permanent Loan Application Fee				$0
Permanent Loan Underwriting Fee				$0
Permanent Loan Subsidy Layering Rev.				$0
Permanent Loan Commitment Fee				$0
Permanent Loan Origination Fee				$0
Permanent Loan Closing Costs	$3,000			$0
Permanent Loan Interest				$0
Permanent Loan Servicing Fee				$0
HOME Subsidy Layering Review				$0
HOME Closing Costs	$45,310			$0
HOME Interest				$0
HOME Servicing Fee				$0
Legal Fees - Financing Costs				$0
Other: Financing Costs Already Paid		$140,317	$140,317	$2,806
Other: Past Due First Mtg Payment(s)			$112,987	$2,260
Total Financial Costs:	**$101,417**	**$170,317**	**$294,135**	**$5,883**
Dev. Costs before Acq., Dev. Fee & Reserves	**$4,766,198**	**$5,679,792**	**$6,082,110**	**$121,642**

Notes to Financial Costs:

1. Construction Loan Interest is based on the first mortgage loan being an interest rate of 7.50%, with an average outstanding balance of 57% of the loan, for a 10-month construction and stabilization period

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2. Financing Costs Already Paid reflects the total amount of financing costs that have been incurred and paid in association with the original transaction
3. Past Due First Mtg Payment(s) reflects the amount of the first mortgage payment that was due June 8, 2023.
4. Other financing costs reflect the estimates provided by the TAP, and appear reasonable

DEVELOPER FEE ON NON-ACQUISTION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	$751,209			$0
DF to Consultant Fees		$87,237	$87,237	$1,745
DF to Guaranty Fees				$0
Other: Developer Fee Already Paid		$343,803	$343,803	$6,876
Total Other Development Costs:	**$751,209**	**$431,040**	**$431,040**	**$8,621**

Notes to Other Development Costs:

1. DF to Consultant Fees ($87,237) reflects a consultant fee of approximately 5% of the development costs to complete construction, based on the budget in the TAP summary, payable to the Florida Housing Coalition.
2. Developer Fee Already Paid reflects the portion of Developer Fee received by Brian M. Smith ($343,803), co-developer and General Contractor (owner of GHD), before failing to complete construction and defaulting on the GC Contract

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Brokerage Fees - Land				$0
Land Acquisition Cost				$0
Land	$250,000			$0
Other: Land Costs Already Paid		$250,000	$250,000	$5,000
Total Acquisition Costs:	**$250,000**	**$250,000**	**$250,000**	**$5,000**

Notes to Land Acquisition Costs:

1. Land Costs Already Paid ($250,000) is the amount paid at closing to acquire the vacant development site. Prior to acquisition, Meridian provided a real estate appraisal with a $250,000 valuation for the vacant development site, supporting the purchase price.
2. Meridian provided an updated appraisal, with a $500,000 valuation for the subject site, as-if vacant.
3. As reflected in the Meridian appraisal, the Development's market value as restricted by the HOME program, as if stabilized, and with tax-exempt status and market financing is

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Reserves - Start-Up/Lease-up Expenses		$24,000	$24,000	$480
Reserves - Working Capital				$0
Total Reserve Accounts:	**$0**	**$24,000**	**$24,000**	**$480**

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Notes to Reserve Accounts:

1. Reserves – Start-Up/Lease-up Expenses ($24,000) reflects the TAP's budget for expenses anticipate to occur during lease-up activities, but prior to stabilization

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
TOTAL DEVELOPMENT COSTS:	**$5,767,407**	**$6,384,832**	**$6,787,150**	**$135,743**

Notes to the Total Development Costs:

1. TDC have increased from $5,767,407 to $6,787,150, an increase of $1,019,742.75 (18%).

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Sources of Funds

The construction and permanent sources from the final CUR (October 12, 2017), as well as the sources proposed in this recommendation letter (inclusive of an additional $1,000,000 of FHFC HOME funding) are reflected in the tables below:

Prior - Sources from Final CUR

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First Mortgage	First Bank	$844,545	$1,146,250	$22,925
Second Mortgage	HOME	$4,531,000	$4,531,000	$90,620
Def Developer Fee	Developer	$320,723	$19,018	$380
TOTAL		$5,696,268	$5,696,268	$113,925

New - Proposed Sources

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First Mortgage	First Bank	$1,146,250	$1,146,250	$22,925
Co-Second Mortgage	HOME / FHFC	$4,531,000	$4,531,000	$90,620
Co-Second Mortgage	New HOME / FHFC	$1,000,000	$1,000,000	$20,000
Third Mortgage	HCHFA SHIP	$115,900	$115,900	$2,318.00
TOTAL		$6,793,150.00	$6,793,150.00	$135,863

Notes to changes to the sources:

1. First Mortgage – First Bank

   As of June 1, 2023, $901,861 of the $1,146,250 first mortgage loan provided by First Bank had been drawn, leaving $244,389 available for construction and permanent financing.

   The construction loan requires payments on interest only during the construction and lease up period. The loan is a 3/3 ARM, with an interest rate based on the 3-year Treasury plus a margin of 4.125%. At closing, the interest rate was locked at 5.50%, and anticipated to adjust next year (2024). Based on the current 3-year Treasury rate (4.30% as of June 26, 2023) and the interest margin, the rate would be 8.43%. As confirmed with a Senior Lender at First Bank (Chris Shupe), the interest rate adjustments (every three years) are capped at 2.00%. Therefore, at the next adjustment, Seltzer anticipates the interest rate will be locked at 7.50%.

2. Second Mortgage – FHFC HOME Loan

   As of June 1, 2023, $3,625,492 of $4,531,000 second mortgage HOME loan provided FHFC had been drawn, leaving $905,508 available for construction and permanent financing

   The loan is non-amortizing and will bear 0% interest per annum with repayment of principal deferred until maturity. The loan term will be 20 years. Proceeds from the HOME loan will be used to fund construction costs pursuant to Rule 67-48.019(1), F.A.C. and HUD 24 CFR Part 92. Permanent Loan Servicing fees and Compliance Monitoring fees will be required to be paid by the Applicant.

   Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee 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 an annual Compliance Monitoring Program Fee with a base fee of $183/month plus $11.24 per set aside unit, with a monthly minimum of $286, escalating at 3%, per year.

3. New/Additional FHFC HOME Loan

In order to ensure sufficient funds are available for construction completion and permanent financing of the Development, Seltzer estimates an additional HOME loan (or increase to the existing Mortgage and Note) in the amount of $1,000,000 will be provided by FHFC. Any unused funds will be returned to FHFC for future deployment.

The additional HOME loan funds will not be subject to a separate Compliance Monitoring Agreement; therefore, the additional HOME loan funds will only be subject to an annual Permanent Loan Servicing Fee based on 25 bps of the outstanding loan amount.

4. Third Mortgage – Highlands County SHIP Loan

As evidenced by a Mortgage dated August 2, 2022, the Applicant borrowed $115,900 of SHIP funds from Highlands County to assist with past due debt service. As of June 1, 2023, the amount of the SHIP loan drawn was $25,500, leaving $90,400 available for construction and permanent financing.

Loan payments for the SHIP loan are deferred for thirty (30) years, and there will be no payments of principal and no interest will accrue, so long as the Borrower complies with the terms of the Note, as well as the SHIP LURA. Repayment of the original principal balance will be forgiven fifteen (15) years from the date of the SHIP Note (August 2, 2023).

The SHIP LURA requires the Development set aside twelve (12) units for (Persons with Special Needs) households as defined in an Affordable Housing Development Program Agency Agreement.

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Operating Pro forma

OPERATING PRO FORMA			ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income		$459,552	$9,191
	Other Income:			
	Miscellaneous		$6,000	$120
	Gross Potential Income		$465,552	$9,311
	Less:			
	Economic Loss - Percentage:		$0	$0
	Physical Vacancy Loss - Percentage:	5.0%	($23,278)	($466)
	Collection Loss - Percentage:	1.0%	($4,656)	($93)
Total Effective Gross Revenue			$437,619	$8,752
EXPENSES	Fixed:			
	Real Estate Taxes		$30,000	$600
	Insurance		$50,000	$1,000
	Variable:			
	Management Fee - Percentage:	7.5%	$32,821	$656
	General and Administrative		$20,000	$400
	Payroll Expenses		$50,000	$1,000
	Utilities		$57,500	$1,150
	Marketing and Advertising		$1,250	$25
	Maintenance and Repairs		$22,500	$450
	Grounds Maintenance and Landscaping		$18,000	$360
	Contract Services		$2,500	$50
	Reserve for Replacements		$15,000	$300
Total Expenses			$299,571	$5,991
Net Operating Income			$138,047	$2,761
Debt Service Payments				
DEBT SERVICE	First Mortgage - First Bank		$96,177	$1,924
	Second Mortgage - Existing FHFC HOME		$0	$0
	Second Mortgage - New FHFC HOME		$0	$0
	All Other Mortgages -		$0	$0
	First Mortgage Fees - First Bank		$0	$0
	Second Mortgage Fees - FHFC HOME		$14,664	$293
	Second Mortgage Fees - FHFC HOME		$2,500	$50
	All Other Mortgages Fees -		$0	$0
Total Debt Service Payments			$113,341	$2,267
Cash Flow After Debt Service			$24,707	$494

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.435
DSC - Second Mortgage plus Fees	1.245
DSC - Third Mortgage plus Fees	1.218
DSC - All Mortgages and Fees	1.218

Financial Ratios	
Operating Expense Ratio	68.5%
Break-Even Ratio	89.1%

Notes to the Operating Pro Forma and Ratios:

1. Seltzer is in receipt of an appraisal from Meridian. Willie Downs Villas is projected to achieve 2022 Maximum Allowable HOME Rents published by Florida Housing on all units based on the appraiser's estimate of achievable rents per comparable properties surveyed, however, Seltzer has used 2023 HOME Rents as published by HUD. The Applicant utilized a Lakeland Housing Authority - Polk County HUD Utility Chart dated January 1, 2023 and reflect the Applicant paying for water, sewer, trash disposal and pest control and the resident 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: Sebring / Highlands 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	1	630	50%	$614			$100	$514		$372	$481	$514	$6,168
1	1.0	3	630	60%		$757		$100	$657		$478	$609	$657	$23,652
2	1.0	8	760	50%	$737			$128	$609		$433	$569	$609	$58,464
2	1.0	34	760	60%		$937		$128	$809		$591	$756	$809	$330,072
3	2.0	1	923	50%	$851			$160	$691		$489	$645	$691	$8,292
3	2.0	3	923	60%		$1,074		$160	$914		$664	$853	$914	$32,904
		50	38,132											$459,552

2. The Development will be offering a laundry room facility at the property that will feature coin operated washers and dryers. The income from the washers and dryers is included in miscellaneous income.

3. Cable television hookups are available in the units as required; however, the residents will contract directly with the cable provider for service. Therefore, no cable television income to the property is anticipated.

4. Ancillary income reflects revenues generated from vending income, late charges, forfeited security deposits, and other additional services equal to approximately $10 per unit per month.

5. Vacancy Loss of 5% and Collection Loss of 1% are based on the appraiser's estimate.

6. Real Estate Taxes reflects the TAP's estimate of personal property taxes. The Development is anticipated to received a 501(c)(3) determination from the Internal Revenue Service ("IRS") which would exempt the Development from property taxes.

7. Originally, Southwind, was contracted to manage the property. The owner has contacted Southwind to engage them for property management services. However, the Principal is retiring this year. The TAP has advised the Owner to begin interviewing other property management companies. Southwind's new owners are also being interviewed during the selection process to secure a management company for the Development. For underwriting, Management fees are based upon the final CUR which reflects the greater of $50 per occupied unit per month or 7.5% of gross operating revenues.

8. Utilities expense reflects water, sewer, trash disposal and pest control. The Applicant also pays for the common area utilities

9. Seltzer estimated insurance expenses equal to $1,000/unit/year

10. Replacement reserves are budgeted at $300/unit/year
11. Other operating expense estimates are based on market comparables and are supported by the appraisal
12. In the CUR, the Debt Service Coverage ("DSC") for the permanent first and second mortgage loans was calculated to be 1.207 to 1.00. The DSC for the permanent period first mortgage and both HOME loans has improved and is now estimated at 1.245 to 1.00.
    a. To ensure that the Second Mortgage HOME loan meets or exceeds the minimum DSC of 1.00 to 1.00, based on the projection/estimates and loan amounts in this letter, the interest rate on the permanent first mortgage may not exceed 10.26%.

Compliance Monitoring and Loan Servicing Fees are detailed in the *Notes to changes to the sources* section of this recommendation letter.

Conclusion

Seltzer has completed a review of a Willie Downs construction completion plan, budget, and operating pro forma. We have concluded the Development can support the anticipated debt service and operating expenses, once stabilized. In order to ensure is adequate funding to complete construction and reach stabilization, Seltzer recommends that FHFC allocate an additional $1,000,000 of HOME funds to be used in conjunction with the remaining portions of the Development's existing loans for the construction and permanent financing of the Development. All remaining undrawn HOME funds will be allocated in accordance with FHFC's directives. These funds may be returned to FHFC, utilized to reduce existing debt, or allocated as per FHFC's instructions at that time.

- Review and approval of all loan documents consistent with the terms outlined above by Florida Housing, its Legal Counsel and Servicer.
- Review and satisfactory review of the final GC Contract
- Consent from the First Mortgage Lender
- All other due diligence required by FHFC, its Legal Counsel and Servicer.

Should you have any questions please feel free to contact me directly.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

Joshua Scribner
Credit Underwriting Manager

STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS

MJHS SOUTH PARCEL, LTD.,

Petitioner,

vs. Case No. 23-0903BID

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

PINNACLE 441 PHASE 2, LLC,
LDG MULTIFAMILY, LLC, AND KISSIMMEE
LEASED HOUSING ASSOCIATES II, LLLP,

Intervenors.
_____________________________________/

DM REDEVELOPMENT, LTD.,

Petitioner,

vs. Case No. 23-0904BID

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE BREEZE REDEVELOPMENT, LLLP,
SP FIELD LLC, AND KISSIMMEE LEASED
HOUSING ASSOCIATES III, LLLP,

Intervenors.
_____________________________________/

HERITAGE VILLAGE SOUTH, LTD.,

Petitioner,

vs. Case No. 23-0905BID

FLORIDA HOUSING FINANCE CORPORATION,

Respondent

and

MHP FL IX LLLP,

Intervenor.
_______________________________________/

SP FIELD, LLC,

Petitioner,

vs. Case No. 23-0906BID

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________________________/

AUTUMN PALMS NFTM, LLC,

Petitioner,

vs. Case No. 23-0907BID

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE BREEZE REDEVELOPMENT, LLLP,

Intervenor.
_______________________________________/

RECOMMENDED ORDER

The final hearing in this matter was conducted by Zoom Conference before Administrative Law Judge (ALJ) Jodi-Ann V. Livingstone of the Division of Administrative Hearings (DOAH), on April 3 and 5, 2023.

APPEARANCES

For Respondent Florida Housing Finance Corporation (Florida Housing):

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Ethan S. Katz, Esquire
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For LDG Multifamily, LLC (LDG):

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For Heritage Village South, Ltd. (Heritage), and DM Redevelopment, Ltd. (DM Redevelopment):

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For SP Field LLC (SP Field):

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Tallahassee, Florida 32301

For Autumn Palms NFTM, LLC (Autumn Palms), and Kissimmee Leased Housing Associates II, LLLP (Kissimmee):

Michael P. Donaldson, Esquire
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STATEMENT OF THE ISSUES

The issues to be determined are whether, with respect to each application filed, Florida Housing's review and decision-making process in response to the Request for Applications 2022-205 SAIL Financing of Affordable Multifamily Housing Developments to be used in conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits (RFA) was contrary to its governing statutes, rules or policies, or the RFA's specifications.

PRELIMINARY STATEMENT

On November 14, 2022, Florida Housing issued an RFA through which it expects to award State Apartment Incentive Loan (SAIL) financing to be used in conjunction with tax-exempt bonds and non-competitive housing credits and National Housing Trust Fund (NHTF) funding. The deadline to submit applications was December 29, 2022. On January 27, 2023, Florida Housing announced its intent to award funding to ten applicants, including MHP, Bayside Breeze, Kissimmee, and SP Field.

Petitioners MJHS, DM Redevelopment, Heritage, SP Field, and Autumn Palms (collectively, Petitioners), timely filed Notices of Intent to Protest, and subsequently, Formal Written Protests and Petitions for Administrative Hearing (Petitions).[1] The Petitions were forwarded to DOAH on March 6, 2023, and assigned to the undersigned ALJ. The cases were consolidated by Order dated March 7, 2023, and scheduled for hearing to commence April 3, 5, and 6, 2023, by Zoom.

MJHS's Petition (Case No. 23-0903BID) challenges Florida Housing's preliminary funding awards to Pinnacle and Kissimmee, as well as Florida Housing's eligibility determination for LDG. LDG and Kissimmee timely intervened. Prior to the final hearing, MJHS and Pinnacle resolved their differences and MJHS filed a Motion to Amend Formal Written Protest and Petition for Formal Administrative Proceeding to remove its complaints as to Pinnacle, which was granted. Also, prior to the final hearing, Kissimmee stipulated that it was not eligible for funding under the RFA. Accordingly, MJHS's only remaining challenge is Florida Housing's determination that LDG was eligible for funding consideration.

DM Redevelopment's Petition (Case No. 23-0904BID) challenges Florida Housing's preliminary funding awards to SP Field, Bayside Breeze, and Kissimmee. DM Redevelopment dropped its challenge to Bayside Breeze's eligibility prior to the final hearing. Since Kissimmee has agreed that it was

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[1] Another Petitioner, Casa San Juan Diego, Ltd., timely protested, but on May 26, 2023, filed a Notice of Voluntary Dismissal and its case was closed.

ineligible for funding, DM Redevelopment's only remaining challenge is to SP Field's entitlement to the Proximity Funding Preference.

Heritage's Petition (Case No. 23-0905BID) challenges Florida Housing's preliminary funding award to MHP and the eligibility determination for MJHS.

SP Field's Petition (Case No. 23-0906BID) initially challenged Florida Housing's designation of St. Joseph's Manor's application as a Priority II application. SP Field moved to amend its Petition to challenge Florida Housing's preliminary funding award to MHP and Bayside Gardens, as well as the preliminary eligibility determination for MJHS and Bayside Breeze, which was granted. The amendment ended SP Field's challenge to the St. Joseph's Manor application.

Autumn Palms' Petition (Case No. 23-0907BID) challenges Florida Housing's preliminary funding award to Bayside Breeze.

On March 30, 2023, the parties filed a Joint Pre-hearing Stipulation, in which they stipulated to a number of facts. The agreed facts are incorporated in the findings below, to the extent relevant.

The hearing commenced as scheduled and was completed on April 5, 2023. At the final hearing, all parties offered the testimony of Marisa Button. MJHS offered the testimony of Samuel Bick, Christopher Shear, and Kenneth Naylor. Heritage offered the testimony of Kenneth Naylor and Christopher Shear. Autumn Palms offered the testimony of Michael Allen and Carol Gardner. LDG offered the testimony of Samuel Bick. MHP offered the testimony of Christopher Shear. Bayside Breeze, Bayside Gardens, and SP Field offered the testimony of Carol Gardner.

The following exhibits were admitted into evidence: Joint Exhibits 1 through 16; MJHS Exhibits 1, 3, and 6 through 8; DM Redevelopment Exhibits 1 through 5; Heritage Exhibits 1 through 3 and 33 through 37; Autumn Palms Exhibits 1 through 8; Casa San Juan Exhibits 1 through 6; SP Field Exhibits 1, 2, and 4; MHP Exhibits 1 through 3; and Bayside Breeze Exhibit 1.

A three-volume Transcript of the final hearing was filed with DOAH on May 1, 2023. The parties timely filed Proposed Recommended Orders (PROs), which were duly considered in preparing this Recommended Order.

All references to the Florida Statutes and the Florida Administrative Code are to the 2022 versions, unless otherwise noted.

Findings of Fact

Based on the stipulated findings of fact, the evidence adduced at the final hearing, and the entire record in this proceeding, the Findings of Fact are as follows:

The Parties

1. Florida Housing is a public corporation created pursuant to section 420.504, Florida Statutes, whose address is 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301. For the purposes of these proceedings, Florida Housing is an agency of the State of Florida.

2. Florida Housing's purpose is to promote public welfare by administering the governmental function of financing affordable housing in Florida. Pursuant to section 420.5099, Florida Housing is designated as the housing credit agency for Florida within the meaning of section 42(h)(7)(A) of the Internal Revenue Code and has the responsibility and authority to establish procedures for allocating and distributing low income housing tax credits.

3. MJHS is an applicant in response to the RFA and was assigned application number 2023-157BS. MJHS's application was preliminarily deemed eligible for consideration, but was not selected for funding.

4. DM Redevelopment is an applicant in response to the RFA and was assigned application number 2023-129BSN. DM Redevelopment was preliminarily deemed eligible for consideration, but was not selected for funding.

5. Heritage is an applicant in response to the RFA and was assigned application number 2023-143SN. Heritage was preliminarily deemed eligible for consideration, but was not selected for funding.

6. SP Field is an applicant in response to the RFA and was assigned application number 2023-120SN. SP Field was deemed eligible and was preliminarily selected for funding.

7. Autumn Palms is an applicant in response to the RFA and was assigned application number 2023-130SN. Autumn Palms was preliminarily deemed eligible for consideration, but was not selected for funding.

8. Kissimmee is an applicant in response to the RFA and was assigned application number 2023-158BS. Kissimmee was deemed eligible and was preliminarily selected for funding.

9. LDG is an applicant in response to the RFA and was assigned application number 2023-123BSN. LDG was preliminarily deemed eligible for consideration, but was not selected for funding.

10. Bayside Breeze is an applicant in response to the RFA and was assigned application number 2023-151BSN. Bayside Breeze was deemed eligible and was preliminarily selected for funding.

11. MHP is an applicant in response to the RFA and was assigned application number 2023-142BS. MHP was deemed eligible and was preliminarily selected for funding.

12. Bayside Gardens is an applicant in response to the RFA and was assigned application number 2023-153BSN. Bayside Gardens was

preliminarily deemed eligible for consideration, but was not selected for funding.

The Competitive Application Process

13. Florida Housing is authorized to allocate housing credits and other funding, such as SAIL funding, by means of request for proposal or other competitive solicitation in section 420.507(48) and Florida Administrative Code Chapter 67-60, which govern the competitive solicitation process. Chapter 67-60 provides that Florida Housing allocates its competitive funding through the bid protest provisions of section 120.57(3), Florida Statutes.

14. The competitive application process is commenced by the issuance of a request for applications. A request for applications is equivalent to a "request for proposal" as indicated in rule 67-60.009(4).

15. The RFA was issued on November 14, 2022, and responses were due December 29, 2022 (the application deadline). The RFA was modified on November 18, 29, and December 20, 2022.

16. Through the RFA, Florida Housing expects to award an estimated $60,240,702 in SAIL financing.

17. Florida Housing received 46 applications in response to the RFA.

18. A review committee was appointed to review the applications and make recommendations to Florida Housing's Board of Directors (the Board). The review committee found 41 applications eligible and five applications ineligible for consideration for funding. Through the ranking and selection process outlined in the RFA, ten applications were preliminarily recommended for funding. The review committee developed charts listing its eligibility and funding recommendations to be presented to the Board.

19. On January 27, 2023, the Board met and considered the recommendations of the review committee. On the same day, all applicants responding to the RFA received notice that the Board determined whether applications were eligible or ineligible for consideration for funding, and that

certain eligible applicants were preliminarily selected for funding, subject to satisfactory completion of the credit underwriting process. Such notice was provided by the posting of two spreadsheets on the Florida Housing website, ****.floridahousing.org, one listing the Board approved scoring results for* the RFA and one identifying the applications which Florida Housing proposed to fund.

20. In the January 27, 2023, posting, Florida Housing announced its intention to award funding to ten applicants, including MHP, Bayside Breeze, Kissimmee, and SP Field.

21. Petitioners timely filed Notices of Protest and Petitions for Formal Administrative Proceedings. Intervenors timely intervened. The Petitions filed were referred to DOAH and consolidated.

22. No challenges were made to the terms or specifications of the RFA.

The RFA Ranking and Selection Process

23. The RFA contemplates a structure in which the applicant is scored on eligibility items and obtains points for other items. A summary of the eligibility items is available in section 5.A.1 of the RFA. Only applications that meet all the eligibility items will be eligible for funding and considered for funding selection.

24. There are no challenges to the total points awarded to any application.

25. The RFA states the total SAIL funding available and how that funding will be allocated amongst applicants with different demographics and geographic funding areas.

26. The RFA utilizes various funding tests such as the SAIL Geographic Funding Test and SAIL Demographic Funding Test, as outlined in the RFA, to determine if enough SAIL funding is available to select an application for funding.

27. The RFA uses a County Award Tally as defined in the RFA and outlines the funding goals.

28. All 46 applications for the RFA were received, processed, deemed eligible or ineligible, scored, and ranked, pursuant to the terms of the RFA, Florida Administrative Code Chapters 67-48 and 67-60, and applicable federal regulations.

LDG's Application—Impact Fees

29. LDG timely submitted an application in response to the RFA for a proposed development named The Apex, located in Hernando County.

30. Florida Housing's review committee deemed LDG's application eligible for funding, but LDG was not preliminarily selected for funding.

31. The RFA states under Section Four, Subpart A.10.c:

> *All Applicants must complete the Development Cost Pro Forma listing the anticipated expenses or uses, the Detail/Explanation Sheet, if applicable, and the Construction or Rehab Analysis and Permanent Analysis listing the anticipated sources (both Corporation and non-Corporation funding).* The sources must equal or exceed the uses. If a funding source is not considered and/or if the Applicant's funding Request Amount is adjusted downward, this may result in a funding shortfall. If the Application has a funding shortfall in either the Construction/Rehab and/or the Permanent Analysis of the Applicant's Development Cost Pro Forma, the amount of the adjustment(s), to the extent needed and possible, will be offset by increasing the deferred Developer Fee up to the maximum eligible amount as provided below.
>
> *The Development Cost Pro Forma must include all anticipated costs of the Development construction*, rehabilitation and, if applicable, acquisition, including the Developer Fee and General Contractor fee. (Emphasis added).

32. Each applicant was required to submit, as part of its application, a Development Cost Pro Forma (Cost Pro Forma) detailing both the anticipated costs and funding sources of the proposed development.

33. Florida Housing uses the Cost Pro Forma to evaluate the financial feasibility of the proposed development. To be eligible for funding, the applicant's sources of funding must equal or exceed the uses of that funding—a Cost Pro Forma that shows a deficit or funding shortfall is not eligible for funding.

34. The Cost Pro Forma sheet identifies "Impact Fees" as a General Development Cost that, according to the sheet, applicants must "list in detail."

35. LDG did not list an amount for impact fees in its Cost Pro Forma and did not provide an explanation in the application for not including an amount.

36. Samuel Bick (Mr. Bick), senior development manager for the southeast region for LDG, testified that LDG's consultants attempted to confirm the anticipated impacts fees for the City of Brooksville but were unable to secure reliable information as to what they were. The proposed development is in the City of Brooksville. The City of Brooksville is located in Hernando County.

37. As part of the application completion process, Mr. Bick sent an email to other collaborators on the LDG Application seeking information about what the impact fees for the development would be.

38. Christopher Shear (Mr. Shear), chief operating officer of McDowell Housing Partners, testified on behalf of MJHS at the final hearing. Mr. Shear testified that he was able to locate a publicly available Hernando County impact fee schedule on the Hernando County website through a quick internet search.

39. The Hernando County impact fee schedule provides per unit impact fees for different kinds of residential developments, including multi-family units that are three to ten stories. Mr. Shear testified that LDG's proposed development was three stories high and that the fee schedule would be

applicable to any development in Hernando County. And, if the development was located in a city, additional fees may be associated with the development.

40. Mr. Bick confirmed that the portion of the Hernando County impact fee schedule, titled "Multifamily unit three to ten stories fees per unit," fairly characterized LDG's proposed development, which sought to develop 216 units of affordable housing, and that according to the schedule, the impact fees would potentially amount to over one million dollars.

41. Marissa Button (Ms. Button), director of multifamily programs at Florida Housing, testified that if the impact fees provided for on the Hernando County impact fee schedule were included in LDG's Cost Pro Forma, it would not create a funding shortfall. That is because LDG's Cost Pro Forma includes surpluses, like a deferred developer fee, that could be used to offset potential impact fees.

42. It is clear that LDG anticipated that there would be impact fees associated with its proposed development, but it was not sure what the amount would be.

43. As set forth above, all applicants are required to complete a Cost Pro Forma, and when completing the Cost Pro Forma, the applicant "must include all anticipated costs of the Development."

44. By failing to include an anticipated impact fee, LDG failed to meet an essential requirement of the RFA.

MHP's Application—Equity Proposal

45. MHP timely submitted an application for a new high-rise development named Southpointe Vista Phase II located in Miami-Dade County.

46. Florida Housing's review committee deemed MHP's application eligible and preliminarily selected the application for funding.

47. Section Four 10.(2)(d) of the RFA requires submission of a Housing Credit Equity Proposal (Equity Proposal) with each application. The RFA requires the Equity Proposal to meet specific requirements for the equity to be counted as a source of funding in the Cost Pro Forma.

48. If an applicant will be syndicating or selling the housing credits it will receive under the RFA, the applicant's Equity Proposal must, among other requirements, "state the proposed amount of equity to be paid prior to construction completion."

49. MHP's Equity Proposal contemplates the syndication or sale of housing credits.

50. The purpose of the Equity Proposal is to ensure that applicants have vetted their proposed developments with an equity provider and are likely to obtain funding.

51. MHP's application includes a December 22, 2022, letter (the MHP Equity Letter) from Wells Fargo, its proposed equity provider, discussing the terms and conditions for financing the Southpointe Vista Phase II development. The MHP Equity Letter contains a capital contribution schedule which provides for disbursements in four installments. The terms set forth for Capital Contribution #2 are provided below:

> <u>Capital Contribution #2</u>: $5,643,313 (22.25%) To be contributed upon the latter of (i) 95% construction completion or (ii) January 1, 2025, based on percentage of completion under a construction loan format (approved draws).

52. Capital Contribution #2 provided for in the MHP Equity Letter does not make clear that the capital being contributed will be paid prior to construction completion. Instead, it provides two alternate conditions precedent for payment and indicates that the equity will be paid upon completion of the latter of the two.

53. It is unclear from the language in the letter whether "January 1, 2025," will be prior to construction completion. It is possible that construction will be completed before January 1, 2025. In that event, based on the MHP Equity Letter, Capital Contribution #2 will be paid *after* construction is completed.

54. Since it is unclear when Capital Contribution #2 would be paid—that is, before or after construction completion—it cannot be counted as a source to be paid "prior to construction completion" as required by the terms of the RFA.

55. When Capital Contribution #2 from MHP's Equity Letter is not considered in the analysis of funding sources and uses, MHP is left with a funding shortfall.

56. With a funding shortfall in its Cost Pro Forma, MHP's application is ineligible for funding under the RFA.

MJHS Application –Equity Proposal

57. MJHS timely submitted an application for a new high-rise development named Garden House located in Miami-Dade County.

58. Florida Housing's review committee deemed the MJHS application eligible for funding, but the application was not preliminarily selected for funding.

59. MJHS's Equity Proposal contemplates the syndication or sale of housing credits.

60. MJHS's application includes a December 16, 2022, letter (the MJHS Equity Letter) from CREA, its proposed equity provider. The letter provides that the Garden House project has a construction completion date of January 2025. It contains a capital contribution schedule with four contribution installments. The terms of the Second Installment are set forth below:

> 2) $ 9,630,143 (40.00%) (the "Second Installment"), will be funded upon the later to occur of November 1, 2024 and satisfaction of the following conditions, as reasonably determined by the Special Limited Partner:
>
> a) 98% lien-free (up to $100,000 of liens may be bonded over) Construction Completion of the Property sufficient for all residential rental units to be "placed in service" within the meaning of Section 42 of the Code

b) the issuance of all required temporary certificates of occupancy (with the appropriate life and safety certifications) permitting occupancy of all residential rental units

c) receipt of the accountant's draft Cost Certification

d) no payable developer fee will be released under this Third Installment until 100% lien free Construction Completion, as evidenced by the architect's substantial completion certification that the Property has been completed in accordance with the Plans and Specifications.

e) receipt by the Special Limited Partner of satisfactory evidence that all environmental requirements as required in a Phase I or Phase II ESA have been met, (if applicable) unless the Special Limited Partner determines during underwriting that the conditions cannot be met until a subsequent installment

f) execution of a property management agreement if not required at closing

g) evidence that the CSS provider has been engaged, the CSS has been started, and the final CSS will be delivered by January 31st in the year following when the Property is Placed in Service.

61. Pursuant to the terms of the Second Installment, the capital contribution would be paid on the later of November 1, 2024, or after satisfaction of the terms in (a) through (g). Although it is clear from a complete reading of the MJHS Equity Letter that November 1, 2024, would occur prior to the construction completion date, which is listed as January 2025, it is not clear that each and every term listed in subparts (a) through (g) would be satisfied prior to construction completion. If any one of the events listed in subparts (a) through (g) occurs after construction ends, the funds will not be available before construction completion.

62. Florida Housing takes issue with the condition in subpart (c), specifically. The undersigned is persuaded by Ms. Button's testimony that it is unclear whether the accountant's draft Cost Certification would be received before construction completion.

63. Because it is not clear that the Second Installment will be paid prior to construction completion, the installment cannot be included as a funding source in MJHS's Cost Pro Forma.

64. When the Second Installment is removed as a construction funding source, the sources no longer meet or exceed the uses in the Cost Pro Forma, and MJHS is left with a funding shortfall.

65. With a funding shortfall in its Cost Pro Forma, MJHS's application is ineligible for funding under the RFA.

MHP Application—Principal Disclosure

66. As an eligibility item, the RFA requires that applicants identify their "principals" by completing and submitting with their applications a Principals of the Applicant and Developer(s) Disclosure Form (Principals Disclosure Form).

67. "Principal" is defined under rule 67-48.002(94) as follows:

> (94) "Principal" has the meanings set forth below and any Principal other than a natural person must be a legally formed entity as of the Application deadline:
>
> (a) For a corporation, each officer, director, executive director, and shareholder of the corporation.
>
> (b) For a limited partnership, each general partner and each limited partner of the limited partnership.
>
> (c) For a limited liability company, each manager and each member of the limited liability company.

> (d) For a trust, each trustee of the trust and all beneficiaries of majority age (i.e.; 18 years of age) as of Application deadline.
>
> (e) For a Public Housing Authority, each officer, director, commissioner, and executive director of the Authority.

68. When completing the Principals Disclosure Form, applicants must comply with rule 67-48.0075(8) through (9), which states:

> (8) Unless otherwise stated in a competitive solicitation, disclosure of the Principals of the Applicant must comply with the following:
>
> (a) The Applicant must disclose all of the Principals of the Applicant (first principal disclosure level). For Applicants seeking Housing Credits, the Housing Credit Syndicator/Housing Credit investor need only be disclosed at the first principal disclosure level and no other disclosure is required;
>
> (b) The Applicant must disclose all of the Principals of all the entities identified in paragraph (a) above (second principal disclosure level);
>
> (c) The Applicant must disclose all of the Principals of all of the entities identified in paragraph (b) above (third principal disclosure level). Unless the entity is a trust, all of the Principals must be natural persons; and
>
> (d) If any of the entities identified in (c) above are a trust, the Applicant must disclose all of the Principals of the trust (fourth principal disclosure level), all of whom must be natural persons.
>
> (9) Unless otherwise stated in a competitive solicitation, disclosure of the Principals of each Developer must comply with the following:
>
> (a) The Applicant must disclose all of the Principals of the Developer (first principal disclosure level); and

> (b) The Applicant must disclose all of the Principals of all the entities identified in paragraph (a) above (second principal disclosure level).

69. The RFA states that "[t]o meet eligibility requirements, the Principals Disclosure Form must identify […] the Principals of the Applicant and Developer(s) as of the Application Deadline."

70. Failure to accurately identify and disclose a principal renders an application ineligible for funding.

71. Florida Housing uses the Principals Disclosure Form to vet the disclosed principals for a number of reasons, including to determine if any principal is in financial arrearages with Florida Housing and to ensure the principal is not on an insurance deficiency report.

72. MHP provided its principal disclosures on the Principals Disclosure Form attached to its application (the MHP Principals Disclosure).

73. In the first principal disclosure level, MHP named three principals: (1) MHP FL IX GP, LLC; (2) William P. McDowell (Mr. McDowell); and (3) MHP FL IX SLP, LLC (SLP).

74. At the second principal disclosure level, MHP listed Mr. McDowell as a natural person member and manager of SLP. Mr. McDowell is the only principal listed for SLP.

75. At the second principal disclosure level, MHP identified: (1) W. Patrick McDowell 2001 Trust; (2) Archipelago Housing, LLC; and (3) Shear Holdings, LLC, as members and managers of MHP FL IX GP, LLC.

76. SLP's articles of organization, filed with the Florida Department of State in August 2022, identify three members and managers: (1) W. Patrick McDowell 2001 Trust; (2) Archipelago Housing, LLC; and (3) Shear Holdings, LLC.

77. The three members/managers listed on the articles of organization filing for SLP are included in MHP's Principal Disclosure as principals of MHP FL IX GP, LLC, but not as principals of SLP. As set forth above, the

principal listed for SLP in the MHP Principals Disclosure Form is Mr. McDowell.

78. At the final hearing, Mr. Shear acknowledged the discrepancy between SLP's articles of organization and MHP's Principals Disclosure Form. He testified that, contrary to the principals listed on SLP's articles of organization, SLP's sole principal is, and always has been, Mr. McDowell.

79. Mr. Shear testified that SLP's articles of organization were filed with incorrectly listed managers and members, by a third-party vendor in August 2022. He testified that SLP had an established oral operating agreement that was in place at the time MHP submitted its application to Florida Housing, and that under the terms of this oral agreement, SLP was initially formed in October 2020, with Mr. McDowell as the sole manager and member of SLP. He further testified that this oral agreement remained in place and was orally agreed to again by MHP on December 15, 2022—shortly before the application deadline. The agreement was then ultimately memorialized in writing in February of 2023, identifying Mr. McDowell as the sole manager and member. The written operating agreement executed in February 2023 reflected an effective date of December 15, 2022. Mr. Shear's testimony on this matter was not persuasive or credible and is not credited.

80. The written operating agreement, executed in February 2023, after MHP had already submitted its application, provided that Shear Holdings, the McDowell Trust, and Archipelago were "withdrawing members" and that the three withdrawing members had agreed to transfer their membership interest in SLP to Mr. McDowell, who would become SLP's sole member and manager. This contradicts Mr. Shear's testimony that Shear Holdings, the McDowell Trust, and Archipelago never had a membership interest in SLP.

81. Mr. Shear's claim that Mr. McDowell has always been the sole manager and member of SLP is not credible or supported by additional evidence.

82. The evidence presented supports a finding that the MHP Principals Disclosure Form, submitted as part of its application, inaccurately listed Mr. McDowell as the principal of SLP.

83. MHP's failure to disclose W. Patrick McDowell 2001 Trust, Archipelago Housing, LLC, and Shear Holdings, LLC, as principals of SLP as of the application deadline renders the application ineligible for funding.

Bayside Breeze and Bayside Gardens Applications—Principals Disclosures

84. Bayside Breeze timely submitted an application for a development named Bayside Breeze located in Okaloosa County. Bayside Breeze's application was deemed eligible and was preliminarily selected for funding.

85. Bayside Gardens timely submitted an application for a development named Bayside Gardens located in Okaloosa County. Bayside Gardens' application was deemed eligible, but was not preliminarily selected for funding.

86. The challenge to the Principals Disclosure Form included in Bayside Breeze's application (the Bayside Breeze Principals Disclosure) is that the articles of organization for TEDC Bayside Breeze GP, LLC, shows the manager of that LLC to be Tacolcy Economic Development Corporation (TEDC) and not TEDC Affordable Communities, Inc. (TEDC Affordable), as shown on the Bayside Breeze Principals Disclosure.

87. The challenge to the Principals Disclosure Form included in Bayside Gardens' application (the Bayside Gardens Principals Disclosure) is that the articles of organization for TEDC Bayside Gardens GP, LLC, shows the manager of that LLC to be TEDC and not TEDC Affordable, as shown on the Bayside Gardens Principals Disclosure.

88. At the second level of the Bayside Gardens Principals Disclosure, it listed TEDC Affordable as the managing member of a general partner, TEDC Bayside Gardens GP, LLC. Likewise, the second level of the Bayside Breeze

Principals Disclosure listed TEDC Affordable as the managing member of a general partner, TEDC Bayside Breeze GP, LLC.

89. The articles of organization for TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, both filed with the Florida Division of Corporations on or about December 12, 2022, identify TEDC, and not TEDC Affordable, as the manager.

90. Carol Gardner (Ms. Gardner), the executive director of both TEDC and TEDC Affordable, persuasively and credibly testified that the information listed in the applications for Bayside Gardens and Bayside Breeze is correct, in that the managing member for both TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, is TEDC Affordable.

91. TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, were both created in December 2022 expressly for the purpose of applying to Florida Housing for financing.

92. The articles of organization filed for TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, were incorrect—an error was made by an attorney who prepared the filings.

93. TEDC and TEDC Affordable share a board of directors, officers, and president. On December 5, 2022, the board of directors met for a board meeting. Meeting minutes were taken from the meeting memorializing the board's decisions and discussions. During that meeting, TEDC discussed that it would submit four applications for the Florida Housing RFA, including the applications for Bayside Breeze and Bayside Gardens, for which it would utilize TEDC Affordable as the manager. The meeting minutes corroborate Ms. Gardner's testimony.

94 In February 2023, TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, each filed annual reports with the Florida Department of State, wherein both LLCs identified TEDC Affordable, and not TEDC, as the manager, correcting the error from the December 2022 filing.

95. The Bayside Breeze and Bayside Gardens Principals Disclosure Forms were correct, and, accordingly, Bayside Breeze and Bayside Gardens remain eligible applications.

SP Field Application—Proximity Points

96. SP Field timely submitted an application for a development named Calusa Pointe II located in Palm Beach County.

97. Florida Housing's review committee deemed the SP Field application eligible and preliminarily selected the application for funding.

98. Section Four A.5.e of the RFA requires applicants to earn "proximity points" based on the distance between the proposed development and transit or community services.

99. Pursuant to the RFA, community services eligible for proximity points include grocery stores, medical facilities, pharmacies, and public schools.

100. Proximity point totals are calculated using the Transit and Community Service Scoring Charts, which identify the number of points an applicant receives based on the distance in miles between the Development Location Point and each type of service.

101. The RFA requires large county applicants, like SP Field (whose proposed development is located in Palm Beach County), to earn a minimum of 10.5 proximity points in order to be eligible for funding.

102. The RFA creates a proximity funding preference for large county applicants who attain 12.5 proximity points or more.

103. In its application, SP Field claimed 14 total proximity points. Of the 14 total claimed proximity points, SP Field included two points for its proposed development's proximity to a pharmacy called K&M Drugs.

104. SP Field's application states that K&M Drugs is located at 364 South Main Street, Belle Glade, Florida 33430, with a distance of 1.20 miles from the SP Field development.

105. It is not in dispute that on the application deadline, K&M Drugs was actually located at 624 South Main Street, Belle Glade, Florida 33430.

106. K&M Drugs moved from 364 South Main Street to 624 South Main Street at some point prior to the application deadline.

107. K&M Drugs' address at 624 South Main Street is a distance of 0.91 miles from the SP Field development. Its current location on South Main Street is closer to the proposed development than its previous address.

108. At a distance of 0.91 miles from the proposed development, K&M Drugs would have earned SP Field 2.5 proximity points, as opposed to the two proximity points it received utilizing K&M Drugs' old address.

109. If SP Field does not get any points for its proximity to K&M Drugs, it will have 12 proximity points. At 12 proximity points, SP Field would remain eligible for funding, but would not qualify for the proximity funding preference.

110. Since K&M Drugs, as it is listed on SP Field's application, does not exist, SP Field cannot claim proximity points for it.

Conclusions of Law

111. DOAH has jurisdiction over the parties and the subject matter of this cause pursuant to sections 120.569, 120.57(1), and 120.57(3).

112. Pursuant to section 120.57(3)(f), the burden of proof rests with the individual Petitioners as the parties opposing the proposed agency action. *State Contracting & Eng'g Corp. v. Dep't of Transp.*, 709 So. 2d 607, 609 (Fla. 1st DCA 1998). The standard of proof is preponderance of the evidence. *See Dep't of Transp. v. J.W.C. Co., Inc.*, 396 So. 2d 778, 787 (Fla. 1st DCA 1981).

113. Section 120.57(3)(f) provides, in part, as follows:

> Unless otherwise provided by statute, the burden of proof shall rest with the party protesting the proposed agency action. In a competitive-procurement protest, other than a rejection of all bids, proposals, or replies, the administrative law judge shall conduct a de novo proceeding to determine whether the agency's proposed action is contrary to the agency's governing statutes, the agency's rules or policies, or the solicitation

> specifications. The standard of proof for such proceedings shall be whether the proposed agency action was clearly erroneous, contrary to competition, arbitrary, or capricious.

114. "De novo proceeding," as used in section 120.57(3)(f), describes a form of intra-agency review. In such proceedings, "[t]he judge may receive evidence, as with any formal hearing under section 120.57(1), but the object of the proceeding is to evaluate the action taken by the agency." *State Contracting*, 709 So. 2d at 609.

115. A bid protest proceeding is not simply a record review of the information that was before the agency. A new evidentiary record based upon the facts established at DOAH is developed. *J.D. v. Fla. Dep't of Child. & Fams.*, 114 So. 3d 1127, 1132-33 (Fla. 1st DCA 2013).

116. After determining the relevant facts based on the evidence presented at hearing, Florida Housing's intended action will be upheld unless it is contrary to the governing statutes, the corporation's rules, or the bid specifications. The agency's intended action must also remain undisturbed unless it is clearly erroneous, contrary to competition, arbitrary, or capricious.

117. The Florida Supreme Court explained the clearly erroneous standard as follows:

> A finding of fact is clearly erroneous when, although there is evidence to support such finding, the reviewing court upon reviewing the entire evidence is left with the definite and firm conviction that a mistake has been committed. This standard plainly does not entitle a reviewing court to reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently. Such a mistake will be found to have occurred where findings are not supported by substantial evidence, are contrary to the clear weight of the evidence, or are based on an erroneous view of the law. Similarly, it has been held that a finding is clearly erroneous where it

> bears no rational relationship to the supporting evidentiary data, where it is based on a mistake as to the effect of the evidence, or where, although there is evidence which if credible would be substantial, the force and effect of the testimony considered as a whole convinces the court that the finding is so against the great preponderance of the credible testimony that it does not reflect or represent the truth and right of the case.

Dorsey v. State, 868 So. 2d 1192, 1209 n.16 (Fla. 2003).

118. An action is contrary to competition if it interferes with the purposes of competitive procurement. The purpose of the competitive bidding process is described in *Wester v. Belote*, 138 So. 721, 723-24 (Fla. 1931), as:

> (T)o protect the public against collusive contracts; to secure fair competition upon equal terms to all bidders; to remove not only collusion but temptation for collusion and opportunity for gain at public expense; to close all avenues to favoritism and fraud in its various forms; to secure the best values for the county at the lowest possible expense; and to afford an equal advantage to all desiring to do business with the county, by affording an opportunity for an exact comparison of bids.

119. An action is "arbitrary if it is not supported by logic or the necessary facts," and "capricious if it is adopted without thought or reason or is irrational." *Hadi v. Lib. Behav. Health Corp.*, 927 So. 2d 34, 38-39 (Fla. 1st DCA 2006). If an agency action is justifiable under any analysis that a reasonable person would use to reach a decision of similar importance, the decision is neither arbitrary nor capricious. *J.D.*, 114 So. 3d at 1130. Under the arbitrary or capricious standard, "an agency is to be subjected only to the most rudimentary command of rationality. The reviewing court is not authorized to examine whether the agency's empirical conclusions have support in substantial evidence." *Adam Smith Enters., Inc. v. Dep't of Envtl. Reg.*, 553 So. 2d 1260, 1273 (Fla. 1st DCA 1989). Nevertheless, the reviewing

court must consider whether the agency: (1) has considered all relevant factors; (2) has given actual, good faith consideration to those factors; and (3) has used reason rather than whim to progress from consideration of each of these factors to its final decision. *Id.*

120. It has long been recognized that "[a]lthough a bid containing a material variance is unacceptable, not every deviation from the invitation to bid is material. It is only material if it gives the bidder a substantial advantage over the other bidders and thereby restricts or stifles competition." *Tropabest Foods, Inc. v. State Dep't of Gen. Servs.*, 493 So. 2d 50, 52 (Fla. 1st DCA 1986).

121. Pursuant to rule 67-60.008, Florida Housing has reserved the right to waive minor irregularities in an application. Under this rule, minor irregularities are "those irregularities in an Application, such as computation, typographical, or other errors, that do not result in the omission of any material information; do not create any uncertainty that the terms and requirements of the competitive solicitation have been met; do not provide a competitive advantage or benefit not enjoyed by other Applicants; and do not adversely impact the interests of [Florida Housing] or the public."

LDG Application—Impact Fees

122. Petitioner MJHS challenges the eligibility of LDG's application on the grounds that it should be deemed ineligible for funding because the application failed to include all anticipated costs—specifically, the impact fees—in its Cost Pro Forma.

123. The RFA contains a clear requirement that all anticipated expenses be included on each applicant's Cost Pro Forma. Additionally, rule 67-60.006(1) provides that "the failure of an applicant to supply required information in connection with any competitive solicitation pursuant to this rule chapter shall be grounds for a determination of nonresponsiveness."

124. MJHS demonstrated that LDG anticipated that there would be impact fees associated with its proposed development and demonstrated

through competent evidence that those fees would be, at a minimum (with possible additional fees by the City): the amount provided for in the Hernando County impact fee schedule.

125. LDG admits that it sought out information on its project's potential impact fees, but could not determine how much said fees would be prior to the application deadline. Apparently, though, LDG only sought out impact fee information from the City of Brooksville, when there was available public information on Hernando County's impact fees.

126. Each applicant for the RFA was required to complete a Cost Pro Forma and, with it, disclose its anticipated impact fees.

127. LDG's failure to include its anticipated impact fees in its Cost Pro Forma cannot be waived as a minor irregularity.

128. LDG's failure to include anticipated impact fees is not a minor irregularity because it results in the omission of material information, creates uncertainty that the terms and requirements of the competitive solicitation have been met, and provides a competitive advantage or benefit not enjoyed by other applicants.

129. Florida Housing argues that MJHS has not proved that there are impact fees associated with LDG's development and that, even if the impact fees are calculated pursuant to the Hernando County impact fee schedule, the evidence demonstrates that no funding shortfall would exist, because LDG's Cost Pro Forma includes a deferred developer fee that could be used to offset potential impact fees.

130. The undersigned does not find this argument convincing. Even if the inclusion of the Hernando County impact fees would not result in a funding shortfall, LDG omitted material information from its Cost Pro Forma. The amount listed for an applicant's impact fees directly affects the calculations of whether the applicant's equity sources cover its uses. Moreover, the only known amount is the County impact fees, not the additional impact fees that would be assessed by the City of Brooksville.

131. LDG argues that "[n]ot listing an amount for impact fees within an applicant's Development Cost Pro Forma does not affect Florida Housing's review or eligibility determination unless the Development Cost Pro Forma demonstrates a funding shortfall." But, Florida Housing cannot determine whether or not a funding shortfall exists absent the inclusion of all anticipated costs, including the impact fees.

132. MJHS met its burden to prove that Florida Housing's initial decision that LDG's application is eligible for funding was clearly erroneous and contrary to the requirements of the RFA.

MHP and MJHS Applications—Equity Proposal

133. Petitioners Heritage and SP Field challenge the eligibility of MHP's and MJHS's applications alleging that both failed to provide an Equity Proposal that met the requirements in the RFA and such error led to a funding shortfall which renders both applications ineligible.

134. In order to count an Equity Proposal as a source of funding, it must comply with certain RFA requirements, one of which is to state the amount of proposed equity to be paid prior to construction completion. An Equity Proposal is responsive only to the extent that the amount of equity to be paid prior to construction completion is clearly stated. *Vistas at Fountainhead LP v. Fla. Hous. Fin. Corp.*, Case No. 19-2328BID (Fla. DOAH July 16, 2019), adopted in pertinent part, FHFC No. 2019-030BP (FHFC August 2, 2019). If material ambiguity exists, the funds may not be considered as equity to be paid before construction completion. *Id.*

135. MHP's and MJHS's Equity Proposals are ambiguous—it is not clear when the second installment of both equity proposals will be paid. MHP's Equity Proposal contains a date which, if construction is completed before that date, then equity would be paid after construction completion. MJHS's Equity Proposal contains seven conditions that must be completed before the release of the equity payment.

136. MHP's Capital Contribution #2 and MJHS's Second Installment must be excluded from the construction financing analysis because both create a material ambiguity in their respective applications as to when they will be paid. The exclusion of those funds results in construction funding shortfalls in both applications, causing both to be ineligible.

137. Heritage and SP Field met their burden to demonstrate that Florida Housing's decision deeming MHP's and MJHS's applications eligible is contrary to the RFA specifications. Florida Housing's preliminary scoring of the MHP and MJHS applications is clearly erroneous and contrary to competition.

Principals Disclosures

138. The RFA requires the Principals Disclosure Form to identify the principals of the applicant as of the application deadline.

139. Pursuant to the RFA and rule 67-48.0075(8) through (9), an applicant must properly disclose all principals in its business structure. Failure to do so renders an application ineligible for funding.

140. The Department of State's duty to file documents is strictly ministerial. § 605.0210(5), Fla. Stat. The filing of a document on the Department of State's website does not: (a) affect the validity or invalidity of the document in whole or part; (b) relate to the correctness or incorrectness of information contained in the document; or (c) create a presumption that the document is valid or invalid, or that information contained in the document is correct or incorrect. *Id.*

141. When a conflict arises between the filings with the Division of Corporations and the application, additional evidence may be proffered to determine whether the application was correct as of the application deadline. *Heritage at Pompano Housing Partners, LTD. v. Fla. Hous. Fin. Corp.*, Case No. 14-1361BID (Fla. DOAH June 10, 2014; FHFC June 13, 2014).

MHP's Application—Principals Disclosure

142. Petitioner Heritage challenges the eligibility of MHP's application, alleging that MHP failed to disclose the principals of SLP, a non-investor limited partner.

143. The challenge to the application is based on an undisputed inconsistency between the managing member listed for SLP on the MHP Principals Disclosure Form and different managing members listed in a filing by SLP made with the Division of Corporations.

144. Mr. Shear, MHP's corporate representative, provided testimony that the information contained in the MHP Principals Disclosure Form was correct, because of oral agreements in place between the implicated persons. But his testimony was not credible or persuasive on this point. There was no documentary proof corroborating his testimony. The only documentation was created after the application deadline, purporting to be retroactively effective. The documentation only proved that there was a change in managing members documented after the application deadline. The undersigned finds that the correct principal as of the application deadline was not disclosed for SLP on the MHP Principals Disclosure Form.

145. MHP contends that even if the correct principal was not disclosed for SLP, MHP has satisfied the RFA's requirement because the three entities Heritage argues should have been listed as SLP's principals are contained elsewhere within the Principals Disclosure Form, thereby "allowing Florida Housing to investigate the backgrounds of each individual in furtherance of its goal to exclude individuals with questionable histories."

146. In support of its argument, MHP relies on *Ambar Riverview, Ltd. v. Florida Housing Finance Corporation*, DOAH Case No. 19-1261BID (Fla. DOAH May 21, 2019; FHFC June 21, 2019). In *Ambar*, the petitioner argued that the successful applicant should be deemed ineligible because it failed to identify the multiple roles of certain disclosed principals. The successful applicant's Principals Disclosure Form identified several persons as "officers"

of the corporation but failed to indicate that they were also "directors." Their status as directors was revealed elsewhere in the application. The ALJ concluded that the identification of all principals on the Principals Disclosure Form was sufficient and that there was no requirement to state the multiple roles of each principal in the Principals Disclosure Form. The ALJ further concluded that, in any event, the information regarding the multiple roles of the disclosed principals could be found within the four corners of the application and "[a]t most, [the successful applicant's] failure to identify the multiple roles of its disclosed principals in the Principals Disclosure form is a waivable, minor irregularity." *Ambar*, Case No 19-1261BID, RO at 67.

147. The facts at issue in the case at hand are distinguishable from those in *Ambar*. MHP's error was not simply failing to correctly identify all the appropriate roles for each principal listed, but rather, failing to correctly identify the principals. Further, the ALJ found in *Ambar* that the application of the challenged applicant was "correct and complete." The undersigned does not find the same here.

148. The facts in this case are more analogous to those presented in *HTG Village View LLC v. Florida Housing Finance Corporation, et al.*, Case No. 18-2156BID (Fla. DOAH July 27, 2018), adopted in pertinent part, FHFC No. 2018-017BP (FHFC September 14, 2018).

149. As here, the challenged applicant in *HTG Village View* argued that its error in failing to disclose all principals of an entity should be waived as a minor irregularity because the undisclosed principal was disclosed elsewhere on the form as a principal of a different entity. The ALJ determined that the failure to disclose that individual as a principal of each entity was a material deviation which rendered the application ineligible. *HTG Village View*, Case No. 18-2156BID, RO at 53, 76-78.

150. MHP's failure to name the correct principals of SLP is contrary to the requirements of the RFA.

151. Florida Housing's preliminary scoring of the MHP application is clearly erroneous and contrary to competition. For this reason, in addition to MHP's failure to meet the RFA's Equity Proposal requirements, MHP is ineligible for funding.

Bayside Breeze and Bayside Garden Applications—Principals Disclsoures

152. Autumn Palms and SP Field challenge the eligibility of the Bayside Breeze and Bayside Gardens (collectively, the Baysides) applications, claiming that the applications failed to accurately disclose their principals.

153. The challenge relates solely to a conflict between the information provided on the Principals Disclosure Forms and information filed with the Division of Corporations.

154. It is not in dispute that the manager listed for TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, in their articles of organization filings with the Division of Corporations do not match the principals listed for those entities on the Bayside Principals Disclosure Forms.

155. The competent, substantial evidence presented at hearing, including convincing testimony of Ms. Gardner and the board minutes for TEDC and TEDC Affordable, establish that the manager of TEDC Bayside Breeze GP, LLC, and TEDC Bayside Gardens GP, LLC, was TEDC Affordable, as of the application deadline. Accordingly, the information presented in the Baysides Principals Disclosures Forms was correct as of the application deadline.

156. Petitioners Autumn Palms and SP Field failed to prove that Florida Housing's eligibility determination for the Baysides should be overturned. The Baysides applications are eligible for funding.

SP Field Application—Proximity Points

157. Petitioner DM Redevelopment challenges the proximity points received by SP Field for its listed pharmacy. DM Redevelopment argues that SP Field is not entitled to the two points for its pharmacy because SP Field listed the incorrect address and distance in its application.

158. Under the RFA, applicants earn proximity points based on the distance between the proposed development and transit or community services. Applicants are required to provide three identifying elements for community services: the name, address, and distance. In its application, SP Field claimed points for proximity to K&M Drugs but provided the wrong address and distance. SP Field does not dispute the errors but argues that the errors are minor irregularities.

159. DM Redevelopment argues that waiving SP Field's mistake as a minor irregularity would effectively allow SP Field to amend its application to correct an error discovered in this proceeding. Further, such waiver would create a competitive advantage or benefit not enjoyed by other applicants.

160. DM Redevelopment also argues that Florida Housing may not consider any "submissions made after the bid or proposal opening which amend or supplement the bid or proposal." § 120.57(3)(f), Fla. Stat.

161. By seeking a waiver for a minor irregularity, SP Field would require Florida Housing to look past both the incorrect address and the incorrect distance for K&M Drugs.

162. As testified to by Ms. Button, the purpose of the proximity points requirement is to essentially accord a higher ranking to developments that are closer to certain desirable community services. A distance of .91 miles garners more points than a distance of 1.2 miles. It is clear that the correct distance is material to an application as even a change in distance of only 0.29 miles changes the amount of proximity points SP Field would receive.

163. SP Field's errors as to the address and distance to K&M Drugs are material deviations from the RFA specifications and cannot be waived as minor irregularities.

164. Florida Housing's preliminary scoring of the SP Field application to award two proximity points for its proximity to a pharmacy—a community service—is clearly erroneous and contrary to competition.

165. SP Field is ineligible for the proximity funding preference.

Kissimmee Application – Principals Disclosure

166. As stipulated to by the parties, Florida Housing's preliminary scoring of the Kissimmee application is clearly erroneous and contrary to Florida Housing's RFA specifications, rules, or its governing statutes. Kissimmee is not eligible for funding.

RECOMMENDATION

Based on the foregoing Findings of Fact and Conclusions of Law, it is RECOMMENDED that Florida Housing issue a final order finding that:

(a) LDG's application is ineligible for funding under the RFA;

(b) MHP's application is ineligible for funding under the RFA;

(c) MJHS's application is ineligible for funding under the RFA;

(d) SP Field's application is eligible for funding under the RFA, but is not eligible for the proximity funding preference;

(e) Bayside Breeze's application is eligible for funding under the RFA;

(f) Bayside Garden's application is eligible for funding under the RFA; and

(g) Kissimmee's application is ineligible for funding under the RFA.

DONE AND ENTERED this 31st day of May, 2023, in Tallahassee, Leon County, Florida.

J. Livingstone

JODI-ANN V. LIVINGSTONE
Administrative Law Judge
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Filed with the Clerk of the
Division of Administrative Hearings
this 31st day of May, 2023.

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NOTICE OF RIGHT TO SUBMIT EXCEPTIONS

All parties have the right to submit written exceptions within 10 days from the date of this Recommended Order. Any exceptions to this Recommended Order should be filed with the agency that will issue the Final Order in this case.

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

MJHS FL SOUTH PARCEL, LTD.,

Petitioner, DOAH Case No. 23-0903BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

PINNACLE 441 PHASE 2, LLC, AND
LDG MULTIFAMILY, LLC,

Intervenors.

______________________________________/

DM REDEVELOPMENT, LTD.,

Petitioner, DOAH Case No. 23-0904BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE BREEZE REDEVELOPMENT, LLLP,
SP FIELD, LLC and KISSIMMEE LEASED
HOUSING ASSOCIATES II, LLLP,

Intervenor.

______________________________________/

HERITAGE VILLAGE SOUTH, LTD.,

Petitioner, DOAH Case No. 23-0905BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

And

MHP FL IX LLLP,

Intervenor.

SP FIELD, LLC,

Petitioner, DOAH Case No. 23-0906BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.

AUTUMN PALMS NFTM, LLC,

Petitioner, DOAH Case No. 23-0907BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

BAYSIDE BREEZE REDEVELOPMENT, LLLP

Intervenor.

CASA SAN JUAN DIEGO, LTD.,

Petitioner, DOAH Case No. 23-0908BID

v.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE GARDENS REDEVELOPMENT, LLLP

Intervenor.

MHP FL IX LLLP'S' AND MJHS FL SOUTH PARCEL, LTD.'S JOINT EXCEPTIONS TO RECOMMENDED ORDER

Pursuant to section 120.57(1)(k), Florida Statutes, and Florida Administrative Code Rule 28-106.217, MHP FL IX LLLP ("MHP") and MJHS FL South Parcel, Ltd. ("MJHS"), jointly file the following exceptions to the Recommended Order issued in this proceeding. This proceeding involves Florida Housing's review and decision-making process in response to the Request for Applications 2022-205 SAIL Financing of Affordable Multifamily Housing Developments to be used in conjunction with Tax- Exempt Bonds and Non-Competitive Housing Credits (the "RFA") was contrary to its governing statutes, rules or policies, or the RFA's specifications.

For the reasons set forth below, MHP and MJHS urge Florida Housing to reject findings of fact in the Recommended Order that are not supported by competent, substantial evidence. MHP and MJHS also urge Florida Housing to reject conclusions of law in the Recommended Order that are not reasonable and not supported by the record evidence. Finally, MHP and MJHS urge Florida

Housing to reject recommendations that MHP's and MJHS's applications are ineligible for funding under the RFA.

BACKGROUND

This case concerns the eligibility of MHP's and MJHS's Applications to receive funding from Florida Housing pursuant to RFA No. 2022-205. Florida Housing initially determined both applications to be eligible for funding and preliminarily decided to fund MHP's application. Although the MHP and MJHS Applications were among the highest-ranked responses to the RFA, due to additional points afforded to self-sourced applications that elected to covenant additional self-sourced capital and/or voluntarily and irrevocably committing to waive the option to convert the Development to market rate for an extended period of time, the ALJ issued a Recommended Order concluding that both applications were ineligible for funding due to a strained reading of their respective Housing Credit Equity Proposals ("Equity Proposals") and alleged technical errors in MHP's Principals Disclosure Form. Although Florida Housing initially deemed both MHP and MJHS to have valid Equity Proposals that met the requirements of the RFA specifications, the ALJ found that certain terms and conditions within the respective Equity Proposals, specifically within Capital Installment #2, created "ambiguities" which led the ALJ to question whether the equity installment might not occur until after construction completion, defined under the RFA as Final Certificate of Occupancy. For that reason, the ALJ excluded Capital Installment #2 should not be included as a Construction Funding Source within the Development Cost Proforma, thereby artificially leading to a funding shortfall within the Construction phase source and use analysis.

The ALJ's findings of ineligibility are misplaced. MHP and MJHS submitted Equity Proposals that were not preliminary in nature, as is customary for applicants to submit at the point of RFA submission. Instead, MHP and MJHS's Equity Letters provided meticulously detailed full terms and conditions that reflected a thorough vetting of the proposed projects by their equity providers and that could be closed on if the transactions proceeded with an award of funding under the RFA. Even though undisputed evidence was provided at hearing demonstrating that the same detailed terms and conditions of MHP and MJHS's Equity Letter language and calculation of construction funding sources has been accepted by Florida Housing staff during the credit underwriting process and approved by Florida Housing's Board within the Credit Underwriting Reports, the ALJ inexplicably held the letters' specificity *against* MHP and MJHS by speculating that the fully detailed terms somehow created "ambiguity" about when the funding under Capital Installment #2 would be delivered. Speculations and ambiguity are not sufficient to support "findings of fact."

Similarly, the ALJ recommended that MHP's application be found ineligible for funding based on a hyper technical Principal Disclosure matter—because entities and individuals clearly identified on MHP's principals disclosure form were allegedly listed on the wrong portion of the form.[1] There is no allegation or finding in this case that MHP failed to disclose a required principal—only that those disclosed were listed on the wrong line of the form. As explained below, such a finding is not only unreasonable but also inconsistent with Florida Housing's recent precedent.

MHP and MJHS take exception to the ALJ's findings and conclusions identified below because they are not supported by competent, substantial record evidence and are unreasonable. The competent, substantial evidence in the record establish that MHP's and MJHS's Equity Proposals not only met the RFA requirements, but also calculated the amount of housing credit funding within their respective Development Cost Proformas accurately and consistently with the

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[1] MJHS's Principal Disclosures are not at issue.

well-established precedent of the credit underwriting process, a process that is required to maintain and uphold the RFA requirements and is governed under the same administrative Rules as the RFA. *See* Fla. Admin. Code Chapters 67-48 and 67-21. Furthermore, MHP properly disclosed all required principals and no material information was omitted from the application. Thus, the application met the Principal Disclosure requirements as established under the RFA. Because the ALJ's findings on these issues are unsupported by **competent, substantial evidence** and the conclusions unreasonable, MHP and MJHS respectfully request Florida Housing determine that both MHP's and MJHS's Applications are eligible for, and entitled to, funding by Florida Housing.

STANDARD OF REVIEW

A. Standard Applicable to Exceptions

MHP and MJHS do not seek to have Florida Housing re-weigh the evidence presented at the final hearing, nor do they seek to substitute new findings for those factual matters decided by the administrative law judge. MHP and MJHS file these Exceptions with the full understanding that, at this stage of review, Florida Housing is not free to re-weigh the evidence or to reject findings of fact unless there is no competent, substantial evidence to support them. *See Health Care & Retirement Corp. v. Dep't of Health & Rehab. Servs.,* 516 So. 2d 292, 296 (Fla. 1st DCA 1987); *Heifetz v. Dep't of Bus. Regulation*, 475 So. 2d 1277, 1281 (Fla. 1st DCA 1985); *Schumacker v. Dep't of Prof'l Regulation,* 611 So. 2d 75 (Fla. 4th DCA 1982). Instead, MHP and MJHS challenge findings of fact made by the ALJ that are not supported by competent, substantial record evidence. MHP and MJHS take exception to these unsupported findings of fact and urges Florida Housing to reject them.

"Competency of evidence refers to its admissibility under legal rules of evidence. 'Substantial' requires that there be some **(more than a mere iota or scintilla)**, real, material, pertinent, and relevant evidence **(as distinguished from ethereal metaphysical, speculative or merely theoretical evidence or hypothetical possibilities)** having definite probative value (that is, 'tending to prove')." *Lonergan v. Estate of Budahazi*, 669 So. 2d 1062, 1064 (Fla. 5th DCA 1996) (emphasis added) (quoting *Dunn v. State*, 454 So. 2d 641, 649 n.11 (Fla. 5th DCA 1984 (Cowart, J., concurring specially)); *see also De Groot v. Sheffield*, 95 So. 2d 912, 916 (Fla. 1957) (explaining that substantial evidence is "such evidence as will establish a substantial basis of fact from which the fact at issue can be **reasonably inferred**" and "such relevant evidence as a reasonable mind would accept as **adequate to support a conclusion**") (emphasis added); *Demichael v. Dep't of Mgmt. Servs., Div. of Ret.*, 334 So. 3d 691, 695 (Fla. 1st DCA 2022) ("Competent, substantial evidence is evidence that is 'sufficiently relevant and material that a reasonable mind would accept it as adequate to support the conclusion reached.' ") (quoting *De Groot*, 95 So. 2d at 916).

Florida Housing is free to reject or modify erroneous conclusions of law over which it has substantive jurisdiction. *See* § 120.57(1)(l), Fla. Stat. Florida law is clear that Florida Housing is not bound by the judge's conclusions of law. § 120.57(1)(l), Fla. Stat.; *B.J. v. Dep't of Children & Family Servs.*, 983 So. 2d 11 (Fla. 1st DCA 2008) (explaining that an agency may disregard an ALJ's conclusions of law without limitation). Florida Housing is also free to interpret administrative rules over which it has substantive jurisdiction. *See id*. Additionally, Florida Housing has no duty to accept conclusions of law that have been mis-labeled as findings of fact. An agency is free to reject conclusions of law even when they are characterized as factual findings. *See Harloff v. City of Sarasota*, 575 So. 2d 1324 (Fla. 2nd DCA 1991); *McPherson v. Sch. Bd. of Monroe Cty.*, 505 So. 2d 682 (Fla. 3rd DCA 1987). The distinction between findings of fact and conclusions of law does not depend upon how such findings and conclusions are labeled in the

Recommended Order. *See Kinney v. Dep't of State, Div. of Licensing,* 501 So. 2d 129, 132 (Fla. 5th DCA 1987) (holding that erroneously labeling a factual finding as a conclusion of law does not make it so). To the extent a finding of fact is mislabeled as a conclusion of law, the finding should be considered a part of the "conclusion of law" section, and vice versa. *See Baptist Hosp., Inc. v. State, Dep't of Health & Rehab. Servs.*, 500 So. 2d 620, 623 (Fla. 1st DCA 1986) ("The label affixed to a particular finding by the hearing officer or the agency is not necessarily determinative of its nature.").

Frequently, an administrative agency is in a far better position than the ALJ to rule on such matters, particularly as they relate to the interpretation and intent of rules, opinions, and other written documents prepared and issued by the agency. *See State Contracting & Eng'g Corp. v. Dep't of Transp.*, 709 So. 2d 607, 610 (Fla. 1st DCA 1998) (courts must defer to the expertise of an agency in interpreting its own rules); *Harloff v. City of Sarasota*, 575 So. 2d 1324 (Fla. 1st DCA 1991) (court gave great weight to the agency's interpretations of the statutes).

Matters infused with overriding policy considerations are left to agency discretion. *Baptist Hosp., Inc. v. State, Dep't of Health & Rehab. Servs.*, 500 So. 2d 620, 623 (Fla. 1st DCA 1986); *Pillsbury v. State, Dep't of Health & Rehab. Servs.*, 744 So. 2d 1040 (Fla. 1st DCA 1999); *McDonald v. Dep't of Banking & Fin.*, 346 So. 2d 569, 579 (Fla. 1st DCA 1977). Though the Florida Constitution has been amended to prevent courts from deferring to Agency interpretations of law and rule, that standard does not apply here.[2] The Agency's rulings on exceptions represent the Agency's opportunity to interpret its laws and rules, and to correct errant interpretations of Agency rules, as occurred here.

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[2] *See* Art. V, § 21, Fla. Const.

Finally, an agency is required to follow its own precedent. *Gessler v. Dept. of Bus. & Prof'l Regulation*, 627 So. 2d 501 (Fla. 4th DCA 1993), *superseded on other grounds*, *Caserta v. Dep't of Bus. & Prof'l Regulation*, 686 So. 2d 5651 (Fla. 5th DCA 1996) (a principle of *stare decisis* applies to state decisions); *Plante, VMD v. Dep't of Bus. & Prof'l Regulation*, 716 So. 2d 790 (Fla. 4th DCA 1998); *Nordheim v. Dep't of Envt'l Prot.*, 719 So. 2d 1212 (Fla. 3d DCA 1998).

Section 120.57(1)(l), Florida Statutes, establishes the scope of an agency's authority with respect to its treatment of a recommended order. That authority is limited with respect to findings of fact, which may not be rejected or modified unless the agency first reviews the entire record and determines that a finding of fact is not supported by competent, substantial evidence or that the proceeding itself did not comport with the essential requirements of law.

Agencies have more discretion in their treatment of conclusions of law if those conclusions fall within the areas of the law or relate to the interpretation of rules over which the agency has substantive jurisdiction. Within those areas, an agency may reject or modify conclusions of law as long as it states its reasons and finds that its substituted conclusions are at least as reasonable as those of the ALJ. As the funding agency, Florida Housing has substantive jurisdiction over the legal conclusions relating to its process for awarding funding including the implementation of the RFA.

MHP and MJHS take exception to the findings of fact and conclusions of law described below.

EXCEPTION NO. 1

Challenging Finding of Fact Paragraphs 52 through 56

MHP Equity Letter Issue

In Finding of Fact Paragraphs 52 through 56 the ALJ made findings regarding the sufficiency of MHP's Equity Letter in its application:

> 52. Capital Contribution #2 provided for in the MHP Equity Letter does not make clear that the capital being contributed will be paid prior to construction completion. Instead, it provides two alternate conditions precedent for payment and indicates that the equity will be paid upon completion of the latter of the two.
>
> 53. It is unclear from the language in the letter whether "January 1, 2025," will be prior to construction completion. It is possible that construction will be completed before January 1, 2025. In that event, based on the MHP Equity Letter, Capital Contribution #2 will be paid after construction is completed.
>
> 54. Since it is unclear when Capital Contribution #2 would be paid—that is, before or after construction completion—it cannot be counted as a source to be paid "prior to construction completion" as required by the terms of the RFA.
>
> 55. When Capital Contribution #2 from MHP's Equity Letter is not considered in the analysis of funding sources and uses, MHP is left with a funding shortfall.
>
> 56. With a funding shortfall in its Cost Pro Forma, MHP's application is ineligible for funding under the RFA.

MHP takes exception to the findings of fact in paragraphs 52 through 56 of the Recommended Order because they are not supported by competent, substantial record evidence.

As stated above, to meet the competent, substantial evidence standard requires that there be "some **(more than a mere iota or scintilla)**, real, material, pertinent, and relevant evidence **(as distinguished from ethereal metaphysical, speculative or merely theoretical evidence or hypothetical possibilities)** having definite probative value (that is, 'tending to prove')." *Lonergan*, 669 So. 2d at 1064 (Fla. 5th DCA 1996) (emphasis added). Because the findings of fact in these paragraphs are based on wholly speculative or theoretical assertions of what *could* happen, they are not supported by competent, substantial evidence and should be rejected.

Pursuant to the terms of the RFA, if an applicant will be syndicating/selling the Housing Credits, the Equity Proposal must, among other things, "state the proposed amount of equity to be paid prior to construction completion." (Jt. Stip. ¶ 33; J-1, p. 71; T. 192, Button). MHP's Equity Proposal contemplates the syndication or sale of Housing Credits. (Jt. Stip. ¶¶ 34, 54; J-15, J-6).

The RFA does not contain explicit instructions as to what language would or would not suffice to fulfill this requirement. For example, the RFA does not prohibit "latter of" dates in relation to the payment of any equity installments within an equity proposal. (Jt. Stip. ¶ 40). The RFA also does not prohibit an equity installment within an Equity Proposal from stipulating multiple and/or various conditions for the payment of any equity installment. (Jt. Stip. ¶ 61; T. 208, Button; T. 266, Shear). The RFA does not require the submission of any information relating to construction schedules or timelines. (T. 203, Button). Thus, under the RFA, an applicant is free to fulfill this requirement however it chooses so long as the Equity Proposal meets the explicit RFA conditions.

Additionally, the RFA states: If syndicating/selling the Housing Credits, the Housing Credit equity proposal must meet the following criteria:

- Be executed by the equity provider;
- Include specific reference to the Applicant as the beneficiary of the equity proceeds;
- State the proposed amount of equity to be paid prior to construction completion;
- State the anticipated Housing Credit Request Amount;
- State the anticipated dollar amount of Housing Credit allocation to be purchased; and

- State the anticipated total amount of equity to be provided

(J-1, p. 71). Notably, the ALJ did *not* find that MHP's equity proposal failed to meet the any of these criteria.

The evidence at the final hearing established that the purpose of the Equity Proposal is to "ensure that the applicant entity has vetted its proposed development with an equity provider. That they understand what is required with regard to the syndication of investment of the housing tax credit resource they're going to be administered from Florida Housing." (T. 192, Button). The ALJ found in paragraph 50 of the Recommended Order that "[t]he purpose of the Equity Proposal is to ensure that applicants have vetted their proposed developments with an equity provider and are likely to obtain funding."

The evidence at the final hearing further established that many applicants submit equity proposals that are merely conceptual in an effort to simply check the RFA requirement box. Such equity letters are not commitments in nature, but rather preliminary indications of the current market conditions and provide the amount of equity to be paid prior to construction completion without explanatory detail, or the actual detailed terms and conditions for the payment of such equity. Others, like the MHP Equity Letter, are thoroughly vetted by equity investors and meticulously detailed as to the terms and conditions. (T. 265, Shear). As Mr. Shear credibly explained, because the MHP project has been in the "pipeline for a couple of years," its Equity Letter reflects a full-term sheet. (T. 265, Shear).[3]

[3] Counsel for MHP notes that some of Mr. Shear's testimony in this portion of the transcript was stricken by the ALJ. (T. 261-66, Shear). Thus, counsel has cited only that portion of Mr. Shear's testimony that was strictly factual and directly responsive to the question the ALJ wanted answered. (*See id*.).

In addition to the equity letter requirement, Exhibit A to the RFA describes the Development Cost Pro Forma requirements and states in relevant part: "HC Equity Proceeds Paid Prior to Completion of Construction **which is Prior to Receipt of Final Certificate of Occupancy** or in the case of Rehabilitation, prior to placed-in service date as determined by the Applicant." (Jt. Stip. ¶ 53; J-1, p. 134 of 221 (emphasis added); T. 258-59, Shear). Next to this requirement is a blank line for applicants to provide an amount. (*Id*.). The undisputed record evidence establishes that "equity proceeds prior to construction" means proceeds delivered prior to the issuance of a permanent, final certificate of occupancy. (T. 207, Button).

Attachment 12 to MHP's Application is a letter dated December 22, 2022, from Wells Fargo to MHP regarding the terms and conditions of financing MHP's proposed development (the "MHP Equity Letter"). The MHP Equity Letter contains full terms and conditions for the scheduled capital contributions (equity pay-ins). (Jt. Stip. ¶ 35; J-15, pp. 70-78).

Capital Contributions #1, #2, and #3 in the MHP Equity Letter provide as follows:

> Capital Contribution #1: $3,804,481 (15.00%) at Partnership Closing anticipated August 1, 2023, upon the approved closing draw schedule, with any remaining funding to be advanced based on percentage of completion under a construction loan format (approved draws).
>
> *This installment is estimated to pay up to $2,125,851 of Developer Fee. Developer Fee. As the development budget changes between the time of this term sheet and the Transaction closing, the Developer Fee Holdbacks noted in Capital Contributions #3 and #4 need to be maintained. Paid Developer Fee at closing will be adjusted to maintain paid Developer Fee Holdbacks. In no event will paid fee at closing exceed 33% of total paid fee*.
>
> Capital Contribution #2: $5,643,313 (22.25%) To be contributed upon the latter of (i) **95% construction completion or (ii) January 1, 2025**, based on percentage of completion under a construction loan format (approved draws).
>
> Capital Contribution #3: $2,513,494 (9.91%) To be contributed upon the latter of (i) **final Certificate of Occupancy for 100% of the units**, (ii) lien free construction completion of the property, substantially in accordance with the plans and

> specifications, (iii) receipt of an estimate of eligible basis and estimate of 50% test calculation prepared by General Partner or (v) February 1, 2025.
>
> *This installment is estimated to pay $2,125,851 of developer fee. As the development budget changes between the time of this term sheet and the Transaction closing, in no event shall this payment of Developer Fee be less than 4.0% of the GC Contract, nor total Developer Fee paid fee, through Capital Contribution #3, exceed 66% of total paid fee.*

(Jt. Stip. ¶ 36; J-15, pp. 71-72). The aggregate equity of Capital Contribution #1 and Capital Contribution #2 is $9,447,794. (*Id.*). MHP thereby provided an amount of $9,447,794, under the Construction/Rehab Analysis portion within the Development Cost Proforma to reflect the summation of equity to be funded before the receipt of "final certificate of occupancy for 100% of the units" as required under Capital Contribution #3. The plain language of the Equity Proposal demonstrates that Capital Contribution #1 and Capital Contribution #2 sequentially occur before Capital Contribution #3.

Notably, the ALJ did not find that the MHP Equity Letter was deficient under the purpose and intent of the RFA. Instead, the ALJ made the speculative finding that it is "possible" Capital Contribution #2 *could* be paid after construction is completed. Despite the ALJ's speculation, all of the credible record evidence demonstrates that Capital Contribution #2 would be paid *prior* to construction completion. Indeed, not a scintilla of evidence was offered that Capital Contribution #2 would be paid after construction completion. The term "possible" in and of itself is not competent, substantial evidence to sustain a finding of fact. Thus, the ALJ's findings of "ambiguity" are not based on anything more than abject speculation. *See Lonergan*, 669 So. 2d at 1064.

Moreover, the ALJ was not presented with any evidence in the record regarding the procedural closing and construction timelines of MHP's application under the RFA. This is because the credit underwriting process is a de novo process during which the construction contract, and thereby final construction timeline, is established. (*See* T. 229, 202-03, Button). Thus, the ALJ's findings of ambiguity at this stage are not supported by competent, substantial evidence.

Further, the undisputed record evidence establishes that MHP's Development Cost Pro Forma provided an amount of $9,447,794.00 as the "HC Equity Proceeds Paid Prior to Completion of Construction which is Prior to Receipt of Final Certificate of Occupancy." (J-15, p. 26; T. 259-60, Shear). Additionally, Mr. Shear credibly testified that the amounts set forth in Capital Contribution #1 and #2 on MHP's Equity Letter equal the amount identified on MHP's Development Cost Pro Forma contained within its Application as the "HC Equity Proceeds Paid Prior to Completion of Construction which is Prior to Receipt of Final Certificate of occupancy." (T. 270, Shear; J-15, pp. 71-72). MHP therefore accurately reflected the aggregate of Capital Contributions #1 and #2 in an amount of $9,447,794.00 on the RFA Pro Forma as a construction phase source of financing and do not exhibit a funding shortfall. Indeed, $9,447,794.00 is the aggregate of Capital Contributions #1 and #2. Thus, the amount of equity to be paid prior to construction completion is readily apparent and accurately reflected on MHP's Development Cost Pro Forma, within the four corners of the application.

Moreover, as it relates to Capital Contribution #2, the credible evidence establishes that 95% construction completion is less than 100% construction completion. (T. 216, Button; *see also* T. 270, Shear). Thus, the credible evidence establishes that romanette (i) of Capital Contribution #2 must be prior to construction completion. (T. 216, Button). The RFA defines Construction Completion as receipt of **Final Certificate of Occupancy**. (J-1, pp. 13, 134). At hearing, Ms. Button admitted that completion of construction occurs upon the issuance of a permanent certificate of occupancy and that there was no indication in MHP's equity credit letter that a permanent (final) certificate of occupancy would be obtained prior to the contributions from Capital Contribution #1 or Capital Contribution #2. (T. 218, Button). Additionally, Ms. Button agreed that Capital Contributions #3 and #4 in the MHP Equity Letter are clearly considered to be post completion of construction contributions because Capital Contribution #3 is the first time a final certificate of occupancy for 100% of the units is mentioned within any of the installments. (T. 218-19, Button; see also T. 270-71 Shear).

Thus, reading each capital contribution in *pari materia*—which the ALJ clearly did not as the Recommended Order only references Capital Contribution #2—the plain language makes clear that Capital Contribution #1 is due at closing and Capital Contribution #2 is due at 95% construction completion, which clearly precedes Capital Contribution #3, due at Final Certificate of Occupancy.

Instead of reading the installments in *pari materia*, the ALJ found that if Capital Contribution #2 is read in isolation, the attachment of a date certain to the installment description creates an ambiguity in the terms. However, the RFA does not require any projected or final construction timelines to be provided within the RFA response. Therefore, the ALJ's purely speculative finding that construction completion and Final Certificates of Occupancy *might* be achieved before January 1, 2025, is not supported by competent, substantial evidence and, further, is something that at best should occur during the credit underwriting process.[4] In addition, the undisputed record evidence establishes that the detailed term language in MHP's equity letter is common at credit underwriting and does not cause any confusion or ambiguity in the terms. (T. 225-26, Button; MJHS-8, p. 1371).

[4] From a practical standpoint, there is no way to underwrite, close, and complete construction by the Date Certain.

The credible evidence establishes that credit underwriting is a de novo review of all the information in an application, as well as a review of the applicant sponsor team, the developer and the applicant entities, and the development itself. (T. 86, 229, Button). At both the RFA application stage and the credit underwriting stage, Florida Housing reviews the applicant's proposal to ensure the applicant has sufficient funds to complete construction and complete the project as a whole. (T. 203-04, Button). The purpose of the credit underwriting process is to "ensure the feasibility of the development and that the funding should move forward." (T. 86, Button). The same pro forma that is submitted by applicants as part of their applications is used in credit underwriting. (T. 105, Button). However, as it relates to equity letters, Florida Housing "often" receives equity letters in applications that are "completely different" from what the applicant ultimately uses in underwriting. (T. 229, Button). In fact, the original credit equity letters are not even considered once applicants reach the credit underwriting stage. (T. 227, Button).

Indeed, credible evidence was presented at the final hearing that Florida Housing has accepted and approved equity proposals with consistent and similar terms, conditions, and "latter of" dates to that of the MHP Equity Letter during credit underwriting. (MJHS-8, p. 21; T. 225-26, Button). Although such credit underwriting reports contain dates and conditions tied to installment payments, Florida Housing did not consider those to cause any sort of confusion or ambiguity. (T. 226, Button). The RFA specifications continue to be upheld during the credit underwriting process and both credit underwriting and the RFA are governed by the same rules—chapters 67-48 and 67-21 of the Florida Administrative Code.

An equity letter that is acceptable at credit underwriting thereby must be acceptable at the application process. To find otherwise is not only not supported by the competent, substantial record evidence, it would be illogical, antithetical, and undermine Florida Housing's mission and the overall competitive application and underwriting process.

In view of all the evidence presented at the final hearing, MHP urges Florida Housing to reject the ALJ's findings in these paragraphs because they are unsupported by competent, substantial evidence. MHP further urges Florida Housing to find that the competent substantial evidence establishes that there is no ambiguity in the within MHP's Equity Letter because the plain language of Capital Contribution #1, due at closing, and Capital Contribution #2, due at 95% construction completion, each clearly preceded Capital Contribution #3, due at final certificate of occupancy.

EXCEPTION NO. 2

<u>Challenging Finding of Fact Paragraphs 61 through 65</u>

In Finding of Fact Paragraphs 61 through 65 the ALJ made findings regarding the sufficiency of MJHS's Equity Letter included with its application:

> 61\. . . . [A]lthough it is clear from a complete reading of the MJHS Equity Letter that November 1, 2024, **would occur prior to the construction completion date**, which is listed as January 2025, it is not clear that each and every term listed in subparts (a) through (g) would be satisfied prior to construction completion. If any one of the events listed in subparts (a) through (g) occurs after construction ends, the funds will not be available before construction completion.
>
> 62\. . . . [T]he undersigned is persuaded by Ms. Button's testimony that it is unclear whether the accountant's draft Cost Certification would be received before construction completion
>
> 63\. Because it is not clear that the Second Installment will be paid prior to construction completion, the installment cannot be included as a funding source in MJHS's Cost Pro Forma.
>
> 64\. When the Second Installment is removed as a construction funding source, the sources no longer meet or exceed the uses in the Cost Pro Forma, and MJHS is left with a funding shortfall.

> 65. With a funding shortfall in its Cost Pro Forma, MJHS's application is ineligible for funding under the RFA.

MJHS takes exception to the ALJ’s findings of fact in paragraphs 61 through 65 of the Recommended Order because they are not supported by competent, substantial record evidence.

If an applicant will be syndicating/selling the Housing Credits, the RFA requires that the Equity Proposal must, among other things, “state the proposed amount of equity to be paid prior to construction completion.” (Jt. Stip. ¶ 33; J-1, p. 71; T. 192, Button). MJHS’s Equity Proposal contemplates the syndication or sale of Housing Credits. (Jt. Stip. ¶¶ 34, 54; J-6).

As stated above under Exception No. 1, the RFA does not contain explicit instructions as to what language would or would not suffice to fulfill this requirement. Thus, under the RFA, an applicant is free to fulfill this requirement however it chooses so long as the purpose of the equity proposal is, indeed, met. Additionally, the purpose of the Equity Proposal is to “ensure that the applicant entity has vetted its proposed development with an equity provider. That they understand what is required with regard to the syndication of investment of the housing tax credit resource they’re going to be administered from Florida Housing.” (T. 192, Button; *see also supra* Exception No. 1).

The undisputed evidence at the final hearing demonstrated that many applicants submit equity proposals that are conceptual in an effort to simply check the RFA requirement box. (*See supra* Exception No. 1). Others, however, like the MJHS Equity Letter, are not preliminary letters to merely satisfy the application requirements, but rather are thoroughly vetted by equity investors and meticulously detailed as to the terms and conditions necessary for closing. (T. 265, Shear). As Mr. Shear credibly explained, because the MJHS project has been in the “pipeline for a couple of years,” its Equity Letters reflects a full-term sheet. (T. 265, Shear).

In addition to the Equity Proposal requirement, Exhibit A to the RFA describes the Development Cost Pro Forma requirements and states in relevant part: "HC Equity Proceeds Paid Prior to Completion of Construction **which is Prior to Receipt of Final Certificate of Occupancy** or in the case of Rehabilitation, prior to placed-in service date as determined by the Applicant." (Jt. Stip. ¶ 53; J-1, p. 134 of 221 (emphasis added); T. 258-59, Shear). Next to this requirement is a blank line for applicants to provide an amount. (*Id*.). The undisputed record evidence establishes that "equity proceeds prior to construction" means proceeds delivered prior to the issuance of a permanent, final certificate of occupancy. (T. 207, Button).

Attachment 12 to MJHS's Application is a December 16, 2022, letter from CREA to MJHS providing the terms and conditions for a limited partnership in the Garden House development (the "MJHS Equity Letter"). As the ALJ found in paragraph 60 of the Recommended Order, the credible evidence clearly establishes that the MJHS Equity Letter contained a "Construction Completion Date" of January 2025. (J-6, p. 81; T. 205-06, Button).

The MJHS Equity Letter further contains a detailed capital contribution schedule with four contribution installments. (Jt. Stip. ¶ 55; J-6, pp. 79-84).

The First and Second Installments in the MJHS Equity Letter provides as follows:

1) $ 4,815,071 (20.00%) (the "First Installment"), will be funded upon the later to occur of the execution of the Partnership Agreement and satisfaction of the following conditions, as reasonably determined by the Special Limited Partner:

   a) the Limited Partner's admission to the Partnership

   b) receipt by the Special Limited Partner of due diligence documentation customary to closing a LIHTC transaction

   c) closing of all Property sources and funding of those sources as required pursuant to the Financial Forecasts

d) receipt of a fixed rate commitment for the Permanent Loan(s)

e) receipt of any necessary building permits or approved will-issue letters

2) $ 9,630,143 (40.00%) (the "Second Installment"), will be funded upon the later to occur of November 1, 2024 and satisfaction of the following conditions, as reasonably determined by the Special Limited Partner:

a) 98% lien-free (up to $100,000 of liens may be bonded over) Construction Completion of the Property sufficient for all residential rental units to be "placed in service" within the meaning of Section 42 of the Code

b) the issuance of all required temporary certificates of occupancy (with the appropriate life and safety certifications) permitting occupancy of all residential rental units

c) receipt of the accountant's draft Cost Certification

d) no payable developer fee will be released under this Third Installment until 100% lien free Construction Completion, as evidenced by the architect's substantial completion certification that the Property has been completed in accordance with the Plans and Specifications

e) receipt by the Special Limited Partner of satisfactory evidence that all environmental requirements as required in a Phase I or Phase II ESA have been met, (if applicable) unless the Special Limited Partner determines during underwriting that the conditions cannot be met until a subsequent installment

f) execution of a property management agreement if not required at closing

g) evidence that the CSS provider has been engaged, the CSS has been started, and the final CSS will be delivered by January 31st in the year following when the Property is Placed in Service.

(Jt. Stip. ¶ 56; J-6, pp. 82-83).

The Third Installment in the MJHS Equity Letter provides funding as follows:

(4) $ 9,530,143 (39.90%) (the "Third Installment"), will be funded upon the later to occur of October 1, 2025 and satisfaction of the following conditions, as reasonably determined by the Special Limited Partner:

a) the achievement of Stabilized Operations (as defined below)

b) receipt and approval of the Special Limited Partner's third-party review of all of the first year's tenant files for compliance with the Code and State requirements

c) receipt of the accountant's final Cost Certification and the 50% test

d) payment in full of the Construction Loan and closing and funding of the Permanent Loans (which may occur simultaneously with the payment of this Installment)

f) receipt of the final as-built ALTA survey of the Property

g) the issuance of all required permanent certificates of occupancy permitting immediate occupancy of all residential units

h) evidence of forms 8609 submission to the State FHA

"Stabilized Operations" means a 90 consecutive day period following Construction Completion upon which: (i) the Property has achieved initial Qualified Occupancy, (ii) the Property has maintained physical occupancy of at least 90.00%, (iii) closing and funding of the Permanent Loan has occurred or will occur concurrently, and (iv) the Property has satisfied the Debt Coverage Ratio requirement in Section 3.

(J-6, p. 83).[5] A permanent certificate of occupancy is synonymous with a final certificate of occupancy. (T. 267, Shear).

[5] Mr. Shear testified that the "4)" in front of the Third Installment was a scrivener's error. (T. 267, Shear).

Notably, the ALJ did *not* find that MJHS's Equity Proposal failed to meet the stipulated RFA criteria required for Equity Proposals. In fact, the ALJ found that "it is clear" that November 1, 2024 would occur prior to the construction completion date, which is listed as January 2025. Nevertheless, the ALJ found that "it is not clear that each and every term listed in subparts (a) through (g) would be satisfied prior to construction completion. If any one of the events listed in subparts (a) through (g) occurs after construction ends, the funds will not be available before construction completion." As with the ALJ's findings on the MHP Equity Letter, this is a purely speculative finding that is not supported by competent, substantial record evidence.

Capital Contribution #2 condition (a) requires 98% lien-free completion. The undisputed evidence concludes that 98% lien-free completion occurs before final certificate of occupancy (T. 208-09, Button). Capital Contribution #2 condition (b) requires the issuance of all **temporary** certificates of occupancy. The undisputed evidence concluded that **temporary** certificates of occupancy are in advance of **final** certificates of occupancy (T. 209-10, Button).

Capital Contribution #2 condition (c) requires the receipt of an accountant's **draft** cost certification. Draft cost certifications are by definition a draft. Incredibly, the ALJ was not provided any evidence in the record regarding MHP's ability to deliver a **draft** cost certification prior to construction completion (final certificate of occupancy) except for Ms. Button's testimony, who readily acknowledged that the receipt of an accountant's draft cost certification can be accomplished prior to construction completion. (T. 209, Button). Thus, there is no competent, substantial evidence to support the ALJ's findings of fact regarding MJHS' Equity Proposal.

Capital Contribution #2 condition (d) is not a condition but rather a statement that no payable developer fee will be released until 100% lien-free completion. Capital Contribution #2 condition (e) requires MHP to provide evidence that all environmental conditions stipulated in the

Phase I or II environmental report have been met. Capital Contribution #2 condition (f) requires the execution of a property management agreement if not required at closing. Capital Contribution #2 condition (g) requires evidence that a CSS (cost segregation study) provider has been engaged and the CSS has been started and the final CSS will be delivered by January 31st in the year following when the Property is Placed in Service. The competent, substantial evidence in the record establishes that these are all items that are accomplished prior to construction completion. (T. 209, Button). All further terms and conditions outlined within the Equity Proposal are further detailed, negotiated, and formalized during the de novo credit underwriting process. (T. 229, Button).

As noted above, the ALJ did not find that the MJHS Equity Letter was deficient under the purpose and intent of the RFA. Instead, the ALJ again speculated and found that it is not clear that all conditions—(a), (b), (d), (e), (f), or (g)—of MJHS's Equity Proposal would be satisfied prior to construction completion (final certificate of occupancy). However, only condition (c) was actually challenged. Thus, the ALJ's findings on this point are both entirely speculative and not supported by competent, substantial evidence.

Additionally, while the ALJ found that it is "unclear" whether the accountant's draft cost certification, referenced in condition (c) of the second installment, would be received before construction completion, Ms. Button did not deny that receipt of the draft cost certification *can* be accomplished before construction completion. (T. 209, Button). More importantly, it is just a draft, which can be completed at any time and is something over which MJHS has complete control. To find an otherwise highly detailed equity letter to be ambiguous on this basis alone when all of the evidence presented at the hearing demonstrates that the second installment would be paid prior to construction completion does not amount to competent, substantial evidence. Indeed, as with the

MHP Equity Letter, not a scintilla of evidence was offered that the second installment would be paid after construction completion. *See Lonergan*, 669 So. 2d at 1064.

The undisputed record evidence further establishes that MJHS's Development Cost Pro Forma contained within its Application provided the amount of $14,445,214.00 as the "HC Equity Proceeds Paid Prior to Completion of Construction which is Prior to Receipt of Final Certificate of Occupancy." (J-6, p. 26; T. 259, Shear). Additionally, Mr. Shear credibly testified that this amount is the aggregate amount of the First and Second Installments on the MJHS Equity Letter. (T. 266-67, Shear; J-6, pp. 26, 82). MJHS therefore accurately reflected the aggregate of the first and second installments in an amount of $14,445,214.00 as a construction phase source of financing which does not exhibit a funding shortfall. Thus, the amount of equity to be paid prior to construction completion is readily apparent and accurately reflected on MJHS's Development Cost Pro Forma, within the four corners of the application.

Moreover, the MJHS Equity Letter clearly states that the Second Installment will be funded upon the later to occur of November 1, 2024, and satisfaction of conditions. (J-6, p. 82; T. 266, Shear). The ALJ could not deny that the November 1, 2024, date referenced is earlier than the construction completion date of January 2025 identified on the MJHS Equity Letter. (See R.O., ¶ 61; T. 208, Button; J-6, pp. 81-82; see also T. 268, Shear). Additionally, the credible evidence establishes that all of the bulleted items listed within the Second Installment of the MJHS Equity Letter "generally are items that are prior to construction completion." (T. 209, Button). Indeed, there was no disagreement that 98% construction completion is less than 100% construction completion. (T. 209, Button; T. 267, Shear). Likewise, there was no disagreement that a temporary certificate of occupancy, which was referenced in the Second Installment, comes before a final certificate of occupancy, which was referenced in the Third Installment. (T. 209, Button; T. 266-

67, Shear). And, as previously stated, the RFA defines construction completion as receipt of final certificate of occupancy. (J-1, pp. 13, 134; see also T. 207, Button).

Additionally, despite the ALJ's finding that it is "unclear" whether the draft cost certification would be received before construction completion, Ms. Button agreed that it can be accomplished prior to construction completion. (T. 209, Button). Indeed, Ms. Button confirmed that an architect's "substantial completion certification" referenced in the fourth condition under the Second Installment occurs before final certificates of occupancy are issued. (T. 210, Button).

The credible evidence further establishes that the October 1, 2025, date referenced in the Third installment would occur after the construction completion date of January 2025. (T. 211-12, Button; *see also* T. 268-69, Shear). Indeed, the Third Installment refers to post-construction funding, which as Mr. Shear explained, would occur after the construction complete date identified in the MJHS Equity Letter. (T. 212, Button; T. 268-69, Shear). As such, the $9.5 million identified in the Third Installment was not included in the amount of equity to be paid prior to construction identified on MJHS's pro forma. (T. 269, Shear; J-6, p. 26).

Thus, despite the ALJ's finding that the MJHS Equity Letter was somehow ambiguous because construction completion may occur before the November 1, 2024 "later of" date within the Second Installment, the evidence presented at the final hearing—including testimony from Ms. Button—demonstrates that there is no real ambiguity. Indeed, reading each installment in *pari materia*—which the ALJ clearly did not as the Recommended Order refers only to the second installment—the plain language makes clear that the first and second installments would be paid prior to construction completion.

Additionally, the credible evidence establishes that the detailed term language in the MJHS Equity Letter is common at credit underwriting and does not cause any confusion. (T. 225-26, Button; MJHS-8, p. 1371). In fact, Florida Housing and their credit underwriter have accepted the exact same terms and conditions outlined in the MJHS Equity Proposal during credit underwriting and the Florida Housing Board of Directors have approved credit underwriting reports with these same terms and conditions. (T. 225-26, Button; MJHS-8, p. 1371; *see supra* Exception No. 1).

Indeed, credible evidence was presented at the final hearing that Florida Housing has accepted and approved equity proposals with consistent and similar terms, conditions, and "latter of" dates to that of the MJHS Equity Letter during credit underwriting. (MJHS-8, p. 21; T. 225-26, Button). Although such credit underwriting reports contain dates and conditions tied to installment payments, Florida Housing did not consider those to cause any sort of confusion or ambiguity. (T. 226, Button).

An equity letter that is acceptable at credit underwriting must be acceptable at the application process. To find otherwise is not only not supported by the competent, substantial record evidence, it would be illogical, antithetical to, and undermine the overall competitive application and underwriting process.

In view of all the ***competent, substantial*** evidence presented at the final hearing, MJHS urges Florida Housing to reject the ALJ's findings in these paragraphs because they are unsupported by competent, substantial evidence. MJHS further urges Florida Housing to find that the competent, substantial evidence establishes that there is no ambiguity within MJHS's Equity Letter because the proposal and MJHS's Development Cost Pro Forma clearly stated the proposed amount of equity to be paid prior to construction completion and completed the Development Cost Proforma based precedent set during credit underwriting.

EXCEPTION NO. 3

Challenging Finding of Fact Paragraphs 79 through 83

MHP Principals Disclosure Form

In Finding of Fact Paragraphs 79 through 83 the ALJ made findings regarding the accuracy of MHP's Principals Disclosure Form:

> 79. . . . [M]r. Shear's testimony on this matter was not persuasive or credible and is not credited.
>
> 80. The written operating agreement, executed in February 2023, after MHP had already submitted its application, provided that Shear Holdings, the McDowell Trust, and Archipelago were "withdrawing members" and that the three withdrawing members had agreed to transfer their membership interest in SLP to Mr. McDowell, who would become SLP's sole member and manager. This contradicts Mr. Shear's testimony that Shear Holdings, the McDowell Trust, and Archipelago never had a membership interest in SLP.
>
> 81. Mr. Shear's claim that Mr. McDowell has always been the sole manager and member of SLP is not credible or supported by additional evidence.
>
> 82. The evidence presented supports a finding that the MHP Principals Disclosure Form, submitted as part of its application, inaccurately listed Mr. McDowell as the principal of SLP.
>
> 83. MHP's failure to disclose W. Patrick McDowell 2001 Trust, Archipelago Housing, LLC, and Shear Holdings, LLC, as principals of SLP as of the application deadline renders the application ineligible for funding.

MHP takes exception to the ALJ's findings of fact in paragraphs 79 through 83 of the Recommended Order because they are not supported by competent, substantial evidence.

The undisputed record evidence establishes that the purpose of the principal disclosures form is to allow Florida Housing to vet the principals of the applicant and developer to ensure that they are not in financial arrearages to Florida Housing and not on an insurance deficiency report. (T. 168, Button).

To facilitate the principal disclosures process, Florida Housing offers an Advance Review process, which provides applicants the opportunity to submit their principal disclosures form to Florida Housing for review before the application deadline to ensure that the applicant has made the proper disclosures for the types of principals they identified. (T. 172, Button). Applicants who utilize this process can receive 5 points if the form is stamped "Approved" at least 14 days prior to the application deadline. (T. 172, Button; J-1, p. 15 of 221).

MHP timely submitted a Priority I Application (Application No. 2023-142BS) in response to the RFA for a self-sourced development named Southpointe Vista (Phase II) located in Miami-Dade County. (Jt. Stip. ¶ 30; J-15). Florida Housing deemed MHP's Application eligible for funding and preliminarily selected the Application for funding pursuant to the terms of the RFA. (Jt. Stip. ¶ 31; J-5). MHP received a score of 19, while Heritage Village received a score of 15 under the RFA specifications. (J-4).

The Principal Disclosures Form submitted with MHP's Application was stamped "APPROVED," demonstrating that it had been submitted and approved through Florida Housing's Advance Review process. (J-15, p. 37; T. 138, Shear; T. 172-73, Button). Thus, MHP was awarded five points because its form was stamped "Approved" at least 14 days prior to the application deadline. (T. 174, Button).

Relevant in this case, and in accordance with Florida Housing's rules, at the First Principal Disclosure Level, MHP identified three principals of the Applicant:

(1) MHP FL IX GP, LLC as a General Partner;

(2) William P. McDowell as an Investor LP; and

(3) MHP FL IX SLP, LLC ("SLP") as a Non-Investor LP.

(Jt. Stip. ¶¶ 45, 46; J-15, p. 37 of 97).

At the Second Principal Disclosure Level, MHP identified as Members and Managers of MHP FL IX GP, LLC:

(1) W. Patrick McDowell 2001 Trust,

(2) Archipelago Housing, LLC, and

(3) Shear Holdings, LLC

(J-15, p. 37 of 97). Also at the Second Principal Disclosure Level, MHP identified William P. McDowell as a natural person and the sole member and manager of SLP. (Jt. Stip. ¶ 47; J-15, p. 37 of 97).

After Florida Housing made its preliminary decision, Heritage Village filed a Petition alleging that MHP's principal disclosures were incorrect and, as a result, MHP should not be eligible for funding under the RFA. Specifically, Heritage Village presented an Articles of Organization filing with the Florida Department of State in August 2022 for SLP, which identifies three members and three managers:

(1) W. Patrick McDowell 2001 Trust;

(2) Shear Holdings, LLC; and

(3) Archipelago Housing, LLC.

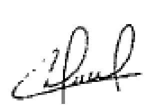
(HV-35, p. 3). Based solely upon records found at the Department of State, the ALJ found that MHP's Application should have identified these three entities as member and managers of SLP, rather than identifying William P. McDowell as the sole member and manager of SLP.

As noted above, William P. McDowell, W. Patrick McDowell 2001 Trust, Shear Holdings, LLC, and Archipelago Housing, LLC were all clearly disclosed in MHP's Principal Disclosure Form. (J-15, p. 37 of 97). Thus, every individual and entity the challengers alleged were misidentified were actually contained within MHP's Principals Disclosure Form. Every person that Florida Housing might seek to investigate was disclosed.

Additionally, contrary to the corporate filing presented by Heritage Village, W. Patrick McDowell 2001 Trust, Shear Holdings, LLC, and Archipelago Housing, LLC ***were never*** the manager or member of SLP and, therefore, MHP accurately represented the Principals as required by the RFA. (T. 129, 133, Shear). At the final hearing, Chris Shear, Chief Operating Officer of McDowell Housing Partners, credibly testified that SLP had an established oral operating agreement that was in place at the time the MHP Application was submitted to Florida Housing. (T. 152, Shear). Under the terms of this oral agreement, SLP was initially formed in October 2020, with William P. McDowell as the sole manager and member of SLP. (T. 152, Shear; MHP-1). MHP submitted an application for SAIL funding to Florida Housing under RFA 2021-205 in October 2021 based on this oral agreement. (*Id.*). This oral agreement remained in place was orally agreed to again by MHP on December 15, 2022—ahead of the Application Deadline. (*Id.*).

In response to the SLP Articles of Organization brought forth by Heritage Village, Mr. Shear credibly testified that the Articles were erroneously filed with the Department of State by a third-party vendor in August 2022. (T. 132, Shear; HV-35). The Articles should have reported William P. McDowell as the sole manager and member of SLP. (T. 136, Shear). This testimony was unrebutted at trial.

The signature line on the Articles indicates that an attorney signed the Articles:



Christoper Shear
By: Carlos Alvarez, Attorney-in-Fact

(HV-35, p. 5). Mr. Shear was not aware of the contents of the filed Articles of Organization when the verbal operating agreement for SLP was reached on December 15, 2022, or when he submitted the MHP Application on December 20, 2022. (T. 139, 165-66, Shear).

Thus, the operating agreement and corresponding Principal Disclosures Form were accurate at the time the MHP Application was submitted to Florida Housing. (*Id.*). The agreement was then ultimately memorialized in writing in February of 2023, identifying William P. McDowell as the sole manager and member. (T. 152-53, Shear; MHP-1). The written operating agreement executed in February 2023 reflected an effective date of December 15, 2022, the latest date upon which it was orally agreed that William P. McDowell was the sole member and manager.

Again, Mr. McDowell was already identified in the MHP Principal Disclosure Form. Mr. Shear credibly testified that William P. McDowell has always been the sole member and manager of SLP and, thus, that MHP's principal disclosures form accurately disclosed the principal of SLP. (T. 155-57, Shear).

Despite the ALJ's inexplicable and unsupported findings discrediting Mr. Shear's explanation, Mr. Shear's explanation about the agreement was clear and consistent throughout the litigation. In answers to interrogatories propounded by Heritage Village prior to the final hearing, Mr. Shear, on behalf of MHP, admitted that the oral operating agreement for SLP was not written or signed until February 17, 2023. (HV-37, p. 4). In these same interrogatory answers, Mr. Shear explained that the agreement existed prior to February 17, 2023 "as an oral and implied operating agreement, as allowed by Florida law." (HV-37, p. 4).

Mr. Shear credibly testified that because entities like SLP are created for the single purpose of submitting applications to Florida Housing, it is not uncommon in the industry to have oral operating agreements in place before expending resources on lawyers to assist with the formulation of a written agreement. (T. 154, Shear). To be sure, partnership agreements in Florida can be "oral, implied, in a record, or in any combination thereof." § 620.1102(14), Fla. Stat. Notably, the Recommended Order utterly ignores Florida law on this point.

Mr. Shear further credibly testified that, contrary to the erroneously filed Articles of Organization, W. Patrick McDowell 2001 Trust, Shear Holdings, LLC, and Archipelago Housing, LLC never had a membership interest in SLP. (T. 133, Shear). Mr. Shear credibly explained that he decided against filing an amendment to these Articles of Organization with the Division of Corporations until after the Application had been submitted because he was concerned about raising flags or drawing scrutiny from his competitors during the appeal period. (T. 133-35, Shear).

In sum, Mr. Shear never wavered that the sole member and manager of SLP is William P. McDowell, as correctly reported on MHP's Principal Disclosures Form. And not a single witness refuted Mr. Shear's testimony. There is simply no basis in the record to discredit Mr. Shear's sworn testimony based on a corporate filing pulled from a website.

Even if Mr. Shear was not being truthful in his testimony, and he certainly was truthful, the undisputed record evidence establishes that MHP disclosed W. Patrick McDowell 2001 Trust, Shear Holdings, LLC, and Archipelago Housing, LLC at the Second Disclosure Level for MHP FL IX GP, LLC on MHP's Principal Disclosures Form. (J-15, p. 37 of 97; T. 176, 178-79). Therefore, the eligibility requirement under the RFA "[t]o meet eligibility requirements, the Principals Disclosure Form must identify, pursuant to subsections 67- 48.002(94), 67-48.0075(8) and 67-48.0075(9), F.A.C., the Principals of the Applicant and Developer(s) as of the Application Deadline" has been met. (J-1, p. 15). Indeed, Ms. Button admitted that because they were all disclosed as principals of MHP FL IX GP, LLC, Florida Housing was able to vet each of them. (T. 176, 178-80, 183, Button). Ms. Button also confirmed that not a single individual or entity was missing from MHP's Principal Disclosures Form. (T. 180, Button). In fact, Ms. Button specifically admitted that every name of every company and individual associated with MHP's project is disclosed on MHP's Principal Disclosures Form. (T. 183, Button).

Ms. Button further admitted that "Florida Housing does not take a position that the Sunbiz filings automatically control. And I think there's something legally by statute that supports that; that Sunbiz filings are not just automatically what is accurate." (T. 412-13, Button). Indeed, section 605.0210, Florida Statutes, clearly states that filing a document with the Department of State "***does not [c]reate a presumption*** that the document is valid or invalid or that the information contained in the document is correct or incorrect." § 605.0210(5)(c), Fla. Stat. (emphasis added).

In light of all of this record evidence, the ALJ's findings that Mr. Shear's testimony was "not persuasive or credible" is not supported by any competent, substantial evidence in the record. The only evidence to support the ALJ's findings on this issue is a corporate filing that everyone in this proceeding admitted are not automatically accurate. Indeed, this point is so fundamental that Florida legislators wrote it into statute. Thus, such corporate filings simply cannot amount to competent, substantial evidence. *See Lonergan*, 669 So. 2d at 1064.

Moreover, while the ALJ appeared to be persuaded by the fact that Mr. Shear and his partners sought to memorialize the oral operating agreement after the application deadline, she utterly failed to acknowledge or otherwise reconcile the undisputed fact that oral operating agreements are permitted by law. To rely on corporate filings that Florida law and Florida Housing admit are not automatically accurate over the sworn and unrebutted testimony of the only person with actual knowledge of the relevant entities is not competent or substantial evidence. Findings of fact premised on such demonstratively weak "evidence" are simply insufficient. *See Lonergan*, 669 So. 2d at 1064.

Based on the ***competent, substantial record*** evidence in the record, Florida Housing should reject the ALJ's findings on this issue and find Mr. Shear's testimony to be credible. However, even if Florida Housing finds that W. Patrick McDowell 2001 Trust, Archipelago Housing, LLC, and Shear Holdings, LLC should have been disclosed multiple times on its principals disclosure form, it should find that, at worst, MHP's failure to disclose them multiple times is a waivable minor irregularity under Florida Housing's rule because such a finding is consistent with Florida Housing's precedent, as explained more fully below.

Accordingly, MHP takes exception to the ALJ's findings in paragraphs 79 through 83 of the Recommended Order and Florida Housing should find that they are unsupported by competent, substantial evidence because MHP's Principals Disclosure Form was complete and appropriately disclosed its members and managers.

EXCEPTION NO. 4

<u>Challenging Conclusions of Law Paragraphs 135 through 137</u>

In Conclusions of Law Paragraphs 135 through 137, the ALJ made conclusions regarding the sufficiency of MHP's and MJHS's Equity Proposals:

> 135. MHP's and MJHS's Equity Proposals are ambiguous—it is not clear when the second installment of both equity proposals will be paid. MHP's Equity Proposal contains a date which, if construction is completed before that date, then equity would be paid after construction completion. MJHS's Equity Proposal contains seven conditions that must be completed before the release of the equity payment.
>
> 136. MHP's Capital Contribution #2 and MJHS's Second Installment must be excluded from the construction financing analysis because both create a material ambiguity in their respective applications as to when they will be paid. The exclusion of those funds results in construction funding shortfalls in both applications, causing both to be ineligible.
>
> 137. Heritage and SP Field met their burden to demonstrate that Florida Housing's decision deeming MHP's and MJHS's applications eligible is contrary to the RFA specifications. Florida Housing's preliminary scoring of

> the MHP and MJHS applications is clearly erroneous and contrary to competition.

MHP and MJHS take exception to the ALJ's conclusions of law in paragraphs 135 through 137 of the Recommended Order because they are unreasonable. In support of their challenges to the MHP and MJHS Equity Letters, Heritage Village and Florida Housing relied on two previous decisions: *Rosedale Holding v. Florida Housing Finance Corporation*, Case No. 2013-038 (DOAH May 12, 2014; FHFC June 13, 2014), and *The Vistas at Fountainhead Limited Partnership v. Florida Housing Finance Corporation, et al.*, Case No. 19- 2328BID (DOAH July 16, 2019, FHFC Aug. 5, 2019). However, the facts presented in each of those cases are very dissimilar to the facts here.

As in the case, the issue raised in *Rosedale* was whether an funding installment should be considered as provided prior to construction completion, or whether it described a post-construction payment. If considered a post-construction payment, the application in *Rosedale* would face a funding shortfall prior to the completion of construction, and would be ineligible.

In *Rosedale*, an applicant's equity letter indicated that a funding installment would be paid only upon receipt of the *final* certificate of occupancy, the receipt of certification from a construction inspector that construction was complete, and confirmation from the lender that construction was complete. Thus, the pay-in schedule at issue there left no doubt that the disputed payment would only arrive after construction was completed. *Rosedale*, RO at pp. 12-13. Though other portions of the Pro Forma indicated that the installment would be paid prior to construction completion, that statement was clearly inconsistent with the description of the pay-in schedule included with the application. Properly, the ALJ and Florida Housing both concluded that the application at issue in *Rosedale* should not be funded, as the pay-in schedule made it very clear that the disputed installment would not be paid until construction was completed, resulting in a shortfall. Unlike the facts in Rosedale, the MHP and MJHS letters do not contain any statement that would suggest that Installment No. 2 would only occur after the issuance of a final certificate of occupancy or after construction was complete. To the contrary, the installments described in MHP's equity credit letter make it clear that Installment No. 2 occurs prior to completion of construction (95%), and the third installment will be made after construction is completed (at 100%). Additionally, MJHS's equity credit letter makes clear that the first and second installments would be paid on the later of a date certain or completion of several conditions, which take place before completion of construction.

Similarly, in *The Vistas at Fountainhead*, the disputed funding installment was to occur "concurrent with permanent loan closing," creating an ambiguity as to whether permanent loan closing was or could be paid before or after the completion of construction. *The Vistas*, RO at p. 8. The ALJ determined that the question of whether the installment description created an ambiguity was a question of law subject to de novo review by the ALJ, without any deference accorded to Florida Housing's view of the language. *The Vistas*, RO at p. 33. The facts in *The Vistas* made it clear that the disputed payment would only occur after "physical occupancy for 90 days," again clearly establishing that the installment would only be made after construction was completed. R.O. at p. 35.

In this case, by contrast, there was no ambiguity in either the MHP or MJHS Equity Letter as to the amount that would be paid prior to construction completion. Thus, the cases cited by Florida Housing and Heritage Village are inapposite, and the conclusions of the ALJ on this point are unreasonable.

Moreover, as to credit underwriting, Ms. Button admitted that "it is often the case" that Florida Housing sees a different equity letter provided as part of the application than the one that is provided at credit underwriting. (T. 229-30, Button). Indeed, Ms. Button testified that "often … a completely different equity provider is ultimately used in underwriting." (T. 229, Button). Thus, to render MHP and MJHS ineligible for equity letters simply because they are more detailed than the ones Florida Housing typically sees at the application stage would be contrary to the goals established in the RFA. Further, it would be contrary to the stated purpose of the equity proposal which is to ensure applicants have vetted their proposed developments with an equity provider. (T. 192, 202, Button).

Thus, MHP and MJHS urge Florida Housing to conclude that the MHP and MJHS applications remain eligible for funding under the RFA.

EXCEPTION NO. 5

Challenging Conclusions of Law No. 144

In Conclusions of Law Paragraph 144, the ALJ made conclusions regarding the accuracy of the contents of MHP's Principals Disclosure Form.

> 144. Mr. Shear, MHP's corporate representative, provided testimony that the information contained in the MHP Principals Disclosure Form was correct, because of oral agreements in place between the implicated persons. But his testimony was not credible or persuasive on this point. There was no documentary proof corroborating his testimony. The only documentation was created after the application deadline, purporting to be retroactively effective. The documentation only proved that there was a change in managing members documented after the application deadline. The undersigned finds that the correct principal as of the application deadline was not disclosed for SLP on the MHP Principals Disclosure Form.

MHP takes exception to the ALJ's conclusion of law in paragraph 144 of the Recommended Order because it is unreasonable in light of the evidence presented at trial and as explained in Exception number 3 above and not supported by competent substantial evidence.

In Florida, partnership agreements can be "oral, implied, in a record, or in any combination thereof." § 620.1102(14). Additionally, section 605.0210, Florida Statutes, unambiguously states that filing a document with the Department of State "does not [c]reate a presumption that the document is valid or invalid or that the information contained in the document is correct or incorrect." § 605.0210(5)(c), Fla. Stat. Indeed, Ms. Button admitted that "Florida Housing does not take a position that the Sunbiz filings automatically control. (T. 412-13, Button).

Mr. Shear, the only witness with personal knowledge of the business dealings of MHP, credibly testified that SLP had established an oral operating agreement that was in place at the time MHP's Application was submitted to Florida Housing and had a single member and manager—Mr. McDowell. (T. 152, Shear). The ALJ's conclusion that "there was no documentary proof corroborating his testimony" is unreasonable and fundamentally misunderstands the concept of competent, substantial evidence. There is no requirement in Florida law (indeed, the ALJ notably cites to none) that the testimony of a sworn witness with personal knowledge about which that they are testifying need be "corroborated" by additional "documentary proof." The ALJ's invention of this requirement is not reasonable and not consistent with Florida law.

MHP strongly urges Florida Housing to reject these unreasonable and unsupported conclusions of law in the Recommended Order.

EXCEPTION NO. 6

<u>Challenging Conclusions of Law Nos. 146 through 151</u>

In Conclusions of Law Paragraphs 146 through 151, the ALJ made conclusions regarding application of precedent regarding inaccurate information on the Principals Disclosure Form.

> 146. In support of its argument, MHP relies on Ambar Riverview, Ltd. v. Florida Housing Finance Corporation, DOAH Case No. 19-1261BID (Fla. DOAH May 21, 2019; FHFC June 21, 2019). In Ambar, the petitioner argued that the successful applicant should be deemed ineligible because it failed to identify the multiple roles of certain disclosed principals. The successful applicant's Principals Disclosure Form identified several persons as "officers" of the corporation but failed to indicate that they were also "directors." Their

> status as directors was revealed elsewhere in the application. The ALJ concluded that the identification of all principals on the Principals Disclosure Form was sufficient and that there was no requirement to state the multiple roles of each principal in the Principals Disclosure Form. The ALJ further concluded that, in any event, the information regarding the multiple roles of the disclosed principals could be found within the four corners of the application and "[a]t most, [the successful applicant's] failure to identify the multiple roles of its disclosed principals in the Principals Disclosure form is a waivable, minor irregularity." *Ambar*, Case No 19-1261BID, RO at 67.
>
> 147. The facts at issue in the case at hand are distinguishable from those in Ambar. MHP's error was not simply failing to correctly identify all the appropriate roles for each principal listed, but rather, failing to correctly identify the principals. Further, the ALJ found in Ambar that the application of the challenged applicant was "correct and complete." The undersigned does not find the same here.
>
> 148. The facts in this case are more analogous to those presented in HTG Village View LLC v. Florida Housing Finance Corporation, et al., Case No. 18-2156BID (Fla. DOAH July 27, 2018), adopted in pertinent part, FHFC No. 2018-017BP (FHFC September 14, 2018).
>
> 149. As here, the challenged applicant in HTG Village View argued that its error in failing to disclose all principals of an entity should be waived as a minor irregularity because the undisclosed principal was disclosed elsewhere on the form as a principal of a different entity. The ALJ determined that the failure to disclose that individual as a principal of each entity was a material deviation which rendered the application ineligible. HTG Village View, Case No. 18-2156BID, RO at 53, 76-78.
>
> 150. MHP's failure to name the correct principals of SLP is contrary to the requirements of the RFA.
>
> 151. Florida Housing's preliminary scoring of the MHP application is clearly erroneous and contrary to competition. For this reason, in addition to MHP's failure to meet the RFA's Equity Proposal requirements, MHP is ineligible for funding.

MHP takes exception to the ALJ’s conclusions of law in paragraphs 147 through 151 of the Recommended Order because they are unreasonable. The ALJ concluded that MHP’s application should be deemed ineligible due to a failure to properly disclose all principals. The ALJ’s conclusion was drawn from a review of an incorrectly prepared corporate document filed with the Department of State. Florida law makes it clear that the records maintained with the Department of State do not control. Rather, the agreements among the principals do. § 605.0210(5), Fla. Stat.

The unrefuted testimony in this proceeding confirms that the proper principals were disclosed within the MHP Application. Other than a corporate filing that both Florida law and Florida Housing recognize is not necessarily correct, no evidence refuted the credible testimony of Mr. Shear on this issue. Additionally, oral partnership agreements are explicitly permitted under Florida law, a fact that, as noted above, the Recommended Order utterly and inexplicably fails to acknowledge. *See* § 620.1102(14), Fla. Stat. (defining a "partnership agreement" as "the partners' agreement, whether oral, implied, in a record, or in any combination thereof, concerning the limited partnership").

Moreover, the ALJ's attempt to distinguish the facts in this case from *Ambar Riverview, Ltd. v. Florida Housing Finance Corporation*, DOAH Case No. 19-1261BID (Fla. DOAH May 21, 2019; FHFC June 21, 2019), is not consistent with the evidence and unreasonable. In *Ambar*, an unfunded applicant argued that the successful applicant should be deemed ineligible because it failed to identify the multiple roles of certain disclosed principals. The successful applicant's Principals Disclosure Form identified several persons as "officers" of the corporation but failed to indicate that they were also "directors."

ALJ Darren A. Schwartz rejected the unfunded applicant's argument, concluding that the identification of all principals on the Principals Disclosure Form was sufficient and that there was no requirement to state the multiple roles of each principal in the Principals Disclosure Form. ALJ Schwartz further concluded that, in any event, the information regarding the multiple roles of the disclosed principals could be found within the four corners of the application and "[a]t most, [the successful applicant's] failure to identify the multiple roles of its disclosed principals in the Principals Disclosure form is a waivable, minor irregularity." *Ambar* RO at ¶ 67.

The same is true in this case. All individuals that the ALJ concluded were not disclosed properly were each identified within MHP's Principal Disclosure Form itself. Thus, as in *Ambar*, Florida Housing was provided with adequate information to research the background of every individual involved. Florida Housing is required to follow prior precedent that contains similar facts. *See Villa Capri Assoc. v. Fla. Hous. Fin. Corp*., 23 So. 3d 795 (Fla. 1st DCA 2009) (quoting *Brookwood-Walton Cty. Convalescent Ctr. v. Ag. for Health Care Admin*., 45 So. 2d 22, 229 (Fla. 1st DCA 2009)); § 120.68(7)(e)3, Fla. Stat.

The case relied on by the ALJ, *HTG Village View LLC v. Florida Housing Finance Corporation, et al.*, Case No. 18-2156BID (Fla. DOAH July 27, 2018), adopted in pertinent part, FHFC No. 2018-017BP (FHFC September 14, 2018), is distinguishable on this point. In that case, a principal was listed in the wrong tier of the applicant's Principals Disclosure Form. *Id.* at ¶¶ 44-45. However, unlike here, there was no testimony in that case that the principals identified on the Principals Disclosure Form were, in fact, correct despite an apparent conflict with information listed on Sunbiz. In this case, the sworn testimony of the only witness with personal knowledge of the Applicant's business dealings testified under oath before the ALJ that the information in MHP's Principals Disclosure Form was accurate when the application was filed.

Even if Florida Housing were to conclude that the proper principals were not correctly identified, it is undisputed that every company and individual which the ALJ concluded should have been disclosed was actually contained within the MHP Principals Disclosure Form. Those names are disclosed within the Principal Disclosure Form, allowing Florida Housing to investigate the backgrounds of each individual in furtherance of its goal to exclude individuals with questionable histories. As was the case in *Ambar*, MHP disclosed each of its principals within its Principal Disclosure Form, allowing Florida Housing to perform its vetting function. No material omission was made within MHP's Application. It remains eligible for funding, and, based upon its scoring and ranking, should be funded.

Thus, at worst, the failure to disclose the principals multiple times would be properly characterized as a minor irregularity, as no material information was omitted; no uncertainty that the requirements of the competitive solicitation have been met is present; no competitive advantage is conferred; and waiving any irregularity would not adversely impact the interests of the Corporation or the public. *See* Fla. Admin. Code R. 67-60.008. In fact, the Corporation's goals are better met by waiving any minor irregularity, as MHP best met the RFA's stated goals and was the highest scored and ranked applicant in this proceeding. (J-4).

Ultimately, the ALJ's conclusions in these paragraphs are unreasonable because the ALJ's findings upon which the conclusions rest are unsupported by competent, substantial evidence. While the disclosures may have differed from information available on the website of the Division of Corporations, sunbiz.org, Florida Housing neither requires nor relies on sunbiz.org information in evaluating and selecting applications for funding. (T. 412-13, Button). This approach is consistent with Florida law. *See, e.g.*, §§ 605.0210 and 607.0125, Fla. Stat. (noting that the Department of State's duty to file corporate documents is ministerial, and does not create a presumption that the filings contents are correct or incorrect). Florida Housing should reject these unreasonable and unsupported conclusions of law.

EXCEPTION NO. 7

Challenging Recommendation Subparagraphs (b) and (c)

In Recommendation subparagraphs (b) and (c), the ALJ recommended

(b) MHP's application is ineligible for funding under the RFA;

(c) MJHS's application is ineligible for funding under the RFA;

MHP and MJHS take exception to these paragraphs for the reasons set forth in Exception Nos. 1 through 6 above.

CONCLUSION

For these reasons, MHP and MJHS urge Florida Housing to reject the ALJ's recommendations that MHP's and MJHS's applications are ineligible for funding under the RFA. MHP and MJHS further urge Florida Housing to specifically find that both applications are eligible and that MJHS's application should be funded.

Respectfully Submitted, this 14th day of June 2023.

Respectfully Submitted,

PARKER, HUDSON, RAINER & DOBBS, LLP

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 14th day of June 2023 to:

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STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

MJHS SOUTH PARCEL, LTD.,

Petitioner,

vs. **DOAH Case No. 23-0903BID**

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

KISSIMMEE LEASED HOUSING ASSOCIATES III, LLLP, and LDG MULTIFAMILY, LLC,

Intervenors.
______________________________________/

DM REDEVELOPMENT, LTD.,

Petitioner,

vs. **DOAH Case No. 23-0904BID**

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE BREEZE REDEVELOPMENT, LLLP, SP FIELD LLC, and KISSIMMEE LEASED HOUSING ASSOCIATES III, LLLP,

Intervenors.
______________________________________/

HERITAGE VILLAGE SOUTH, LTD.,

Petitioner,

vs. **DOAH Case No. 23-0905BID**

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

MHP FL IX LLLP,

Intervenor.
_______________________________________/

SP FIELD, LLC,

Petitioner,

vs. **Case No. 23-0906BID**

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________________________/

AUTUMN PALMS NFTM, LLC,

Petitioner, **Case No. 23-0907BID**

vs.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE BREEZE REDEVELOPMENT, LLLP,

Intervenor.
_______________________________________/

CASA SAN JUAN DIEGO, LTD.,

Petitioner,

vs. **Case No. 23-0908BID**

FLORIDA HOUSING FINANCE CORPORATION,

Respondent,

and

BAYSIDE GARDENS REDEVELOPMENT, LLLP,

Intervenor.
_______________________________________/

PETITIONER HERITAGE VILLAGE SOUTH, LTD. AND RESPONDENT FLORIDA HOUSING FINANCE CORPORATION'S JOINT RESPONSES TO JOINT EXCEPTIONS FILED BY MHP FL IX LLLP AND MJHS FL SOUTH PARCEL, LTD.

Pursuant to Florida Administrative Code Rule 28-106.217, Petitioner, Heritage Village South, Ltd. ("Heritage Village"), and Respondent, Florida Housing Finance Corporation ("Florida Housing"), respond to the Joint Exceptions to Recommended Order filed by Intervenor, MHP FL IX LLLP ("MHP") and Petitioner, MJHS FL South Parcel Ltd., ("MJHS") (the "Exceptions"). The Exceptions were filed on June 14, 2023 and challenge the Recommended Order entered on May 31, 2023 by Administrative Law Judge Jodi-Ann V. Livingstone (the "ALJ"). In sum, the Exceptions challenge no less than fifteen (15) Findings of Fact and nine (9) Conclusions of Law. Heritage Village and Florida Housing respond to each of these many Exceptions and request that all be denied.

Introduction

This case stems from Florida Housing's proposed award of an estimated $60,240,702 in State Apartment Incentive Loan ("SAIL") financing. Stip., p. 19, ¶ 17. On November 14, 2022, Florida Housing issued Request for Applications 2022-205 SAIL Financing of Affordable Multifamily Housing Developments to be used in conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits ("the RFA"). Stip., p. 17, ¶ 2; p. 19, ¶ 16. Responses were due on December 29, 2022. *Id.*

On January 27, 2023, Florida Housing's Board of Directors ("Board") met and considered the recommendations made by the Review Committee for the RFA. Stip., p. 20, ¶ 20. On the same day, all Applicants were notified that the Board had preliminarily selected ten Applicants for funding, subject to satisfactory completion of the credit underwriting process. *Id.* MHP was one of the Applicants the Agency proposed to fund. Stip., p. 20, ¶ 21.

Heritage Village timely filed a Notice of Protest and Petitions for Formal Administrative Proceedings ("Petition"). Heritage Village's Petition contended that MHP and MJHS were both ineligible for SAIL funds. MJHS, DM Redevelopment, Ltd. ("DM Redevelopment"), SP Field, LLC ("SP Field"), Autumn Palms NFTM, LLC ("Autumn Palms") and Casa San Juan Diego, Ltd. ("Casa San Juan") similarly filed Petitions, and the challenged parties intervened. Stip., p. 20, ¶ 22. The petitions were referred to DOAH and consolidated. *Id.*

The parties to this case prepared and submitted a detailed Joint Prehearing Stipulation ("Stipulation") with information about each party, the RFA funding process, and disputed issues remaining to be resolved by the ALJ. At the hearing, Joint Exhibits J-1–J-16 were admitted into evidence. Similarly accepted into evidence were Heritage Village's Exhibits H-1–H-3 and H-33–H-37, MJHS's Exhibits MJHS-1, MJHS-3, and MJHS-6–MJHS-8, and MHP's Exhibits MHP-1–MHP-3. All three parties presented the testimony of Marisa Button, Florida Housing's Director of Multifamily Allocations. In addition, Heritage Village offered the testimony of Kenneth Naylor, President of Development of Atlantic Pacific Companies. MJHS and MHP each relied on the testimony of Christopher Shear, COO and Project Partner of McDowell Housing Partners.

A transcript of the hearing was filed on May 1, 2023. The parties timely submitted Proposed Recommended Orders on May 11, 2023. The ALJ issued a Recommended Order on May 31, 2023. The ALJ recommended that applications submitted by MJHS and MHP are ineligible for funding. The ALJ concluded that both MJHS and MHP's Equity Proposals are ambiguous and it is not clear when the second installment will be paid. The exclusion of those funds results in construction funding shortfalls in both applications. The ALJ also concluded that MHP failed to disclose the correct principals, and the testimony of MHP's representative was simply not credible or persuasive on that issue. Accordingly, MJHS and MHP are ineligible for funding.

MHP and MJHS filed Joint Exceptions on June 14, 2023, and assert that the ALJ's Findings of Fact are not supported by competent, substantial evidence and the Conclusions of Law are unreasonable because the ALJ "strained" the reading of both MHP and MJHS's Equity Proposals and "created" ambiguities. MHP also takes exception to the finding that it is ineligible for failure to accurately complete its Principals Disclosure Form.

As shown herein, the Board should adopt the Recommended Order in its entirety. The ALJ's Findings of Facts are all supported by competent, substantial evidence and the Conclusions of Law are reasonable and consistent with the RFA, Florida Housing's policies, Florida Administrative Code, and Florida Statutes. For these reasons, the Board should reject all of MJHS and MHP's Exceptions and adopt the Recommended Order.

Standard of Review

The rules of decision applicable in bid protests are set forth in section 120.57(3)(f), Florida Statutes, which provides for:

> . . . a de novo proceeding to determine whether the agency's proposed action is contrary to the agency's governing statutes, the agency's rules or policies, or the solicitation specifications. The standard of proof for such proceeding shall be whether the proposed agency action was clearly erroneous, contrary to competition, arbitrary, or capricious.

Section 120.57, Florida Statutes, establishes the specific and limited parameters for Florida Housing and the Board's review of a Recommended Order and issuance of a Final Order. Florida Housing may adopt a Recommended Order in its entirety or may, under certain limited, prescribed circumstances, modify or reject findings of fact and conclusions of law. *See* § 120.57(1)(1), Fla. Stat. Florida Housing's Final Order must include an explicit ruling on each exception. § 120.57(1)(k), Fla. Stat.

Section 120.57(1)(l), Florida Statutes provides, in pertinent part:

> The agency may not reject or modify the findings of fact unless the agency first determines from a review of the entire record, and states with particularity in the order, that the findings of fact were not based upon competent substantial evidence or that the proceedings on which the findings were based did not comply with essential requirements of law.

At this stage of review, Florida Housing is not free to reweigh the evidence or to reject factual findings unless there is no competent substantial evidence to support them. *See Health Care & Ret. Corp. of Am. v. Dep't of Health & Rehab. Servs.*, 516 So. 2d 292, 296 (Fla. 1st DCA 1987); *Schumacher v. Dep't of Prof. Regul.*, 611 So. 2d 75, 76 (Fla. 4th DCA 1992); *Baptist Hosp., Inc. v. State, Dep't of Health & Rehab. Servs.*, 500 So. 2d 620, 623 (Fla. 1st DCA 1986) ("It is well settled that an agency may not reject a hearing officer's factual findings on the conclusionary ground that they are not supported by competent substantial evidence, without offering specific reasons for such rejection.").

"Competent" evidence is evidence that is sufficiently relevant and material that a reasonable mind would accept it as adequate to support the conclusion reached. *Schrimsher v. Sch.*

Bd. of Palm Beach Cnty., 694 So. 2d 856, 861 (Fla. 4th DCA 1997) (citing *DeGroot v. Sheffield,* 95 So. 2d 912, 916 (Fla. 1957)). "Substantial" evidence is evidence from which the fact at issue can be reasonably inferred, and which a reasonable mind would accept as adequate to support a conclusion. *Id.* Thus, the term "substantial evidence" does not relate to the quality, character, convincing power, probative value, or weight of the evidence. Rather, "competent substantial evidence" refers to the existence of some evidence as to each essential element and as to its admissibility under legal rules of evidence. *Scholastic Book Fair, Inc. v. Unemployment Appeals Comm'n*, 671 So. 2d 287, 289 n.3 (Fla. 5th DCA 1996).

Similarly, Florida Housing may not substitute its findings simply because it would have determined factual questions differently. *F.U.S.A., FTP-NEA v. Hillsborough Cmty. Coll.*, 440 So. 2d 593, 595-96 (Fla. 1st DCA 1983); *see also Resnick v. Flagler Cnty. Sch. Bd.*, 46 So. 3d 1110, 1112-13 (Fla. 5th DCA 2010) (agency may not reject findings of fact supported by competent substantial evidence even if alternate findings were also supported by competent substantial evidence); *Heifetz v. Dep't of Bus. Regul., Div. of Alcoholic Bevs. & Tobacco*, 475 So. 2d 1277, 1281 (Fla. 1st DCA 1985) ("If, as is often the case, the evidence presented supports two inconsistent findings, it is the hearing officer's role to decide the issue one way or the other."). "Factual inferences are to be drawn by the hearing officer as trier of fact." *Id.* at 1283. Rejection or modification of conclusions of law may not form the basis for rejecting or modifying findings of fact. § 120.57(1)(1), Fla. Stat. Therefore, if the record contains any competent substantial evidence supporting a challenged factual finding of the ALJ, the agency is bound by such factual finding in preparing its Final Order. *See e.g., Walker v. Bd. of Pro. Eng'rs*, 946 So. 2d 604, 605 (Fla. 1st DCA 2006); *Fla. Dep't of Corr. v. Bradley*, 510 So. 2d 1122, 1123 (Fla. 1st DCA 1987).

In addition, an agency has no authority to make independent or supplemental findings of fact. *See e.g., City of N. Port, Fla. v. Consol. Minerals, Inc.*, 645 So. 2d 485, 487 (Fla. 2d DCA 1994) ("The agency's scope of review of the facts is limited to ascertaining whether the hearing officer's factual findings are supported by competent substantial evidence. The agency makes no factual findings in reviewing the recommended order.") (citations omitted). Florida Housing may not attempt to resolve evidentiary conflicts or judge the credibility of witnesses. *See Belleau v. Dep't of Envt'l Prot.*, 695 So. 2d 1305, 1306-07 (Fla. 1st DCA 1997); *Dunham v. Highlands Cnty. Sch. Bd.*, 652 So. 2d 894, 896 (Fla. 2d DCA 1995).

Florida Housing may modify or reject conclusions of law over which it has substantive jurisdiction. § 120.57(1)(1), Fla. Stat.; *see generally Barfield v. Dep't of Health*, 805 So. 2d 1008, 1010-11 (Fla. 1st DCA 2001). When modifying or rejecting conclusions of law, Florida Housing must state with particularity the reasons for the modification or rejection, and must make a finding that its substituted conclusion of law is as or more reasonable than the conclusion modified or rejected. § 120.57(1)(1), Fla. Stat.

The labeling of a legal conclusion as a "finding of fact" does not convert the conclusion into a factual finding. *See Pillsbury v. Dep't of Health and Rehab. Servs.*, 744 So. 2d 1040, 1041-42 (Fla. 2d DCA 1999). Rather, the true nature and substance of the ALJ's statement controls. *JJ Taylor Cos., Inc. v. Dep't of Bus. & Pro. Regul.,* 724 So. 2d 192, 193 (Fla. 1st DCA 1999); *see also Baptist Hosp., Inc.*, 500 So. 2d at 623; *Holmes v. Turlington,* 480 So. 2d 150, 153 (Fla. 1st DCA 1985). Matters that are susceptible to ordinary methods of proof – such as weighing the evidence or determining a witness's credibility – are factual matters to be determined by the ALJ. *See id.*

"Ultimate facts are those found in that vaguely defined area lying between evidentiary facts on the one side and conclusions of law on the other and are the final resulting effects which are reached by the process of logical reasoning from the evidentiary facts." *Feldman v. Dep't of Transp.*, 389 So. 2d 692, 694 (Fla. 4th DCA 1980). The question whether the facts establish a violation of a rule or statute, for example, involves a question of ultimate fact that Florida Housing may not reject without adequate explanation. *See Goin v. Comm'n on Ethics,* 658 So. 2d 1131, 1138 (Fla. 1st DCA 1995).

Response to Exception Number One

In Exception No. 1, MHP takes exception to the ALJ's Findings of Fact in paragraphs 52 through 56 which were as follows:

> 52. Capital Contribution #2 provided for in the MHP Equity Letter does not make clear that the capital being contributed will be paid prior to construction completion. Instead, it provides two alternate conditions precedent for payment and indicates that the equity will be paid upon completion of the latter of the two.
>
> 53. It is unclear from the language in the letter whether "January 1, 2025," will be prior to construction completion. It is possible that construction will be completed before January 1, 2025. In that event, based on the MHP Equity Letter, Capital Contribution #2 will be paid *after* construction is completed.
>
> 54. Since it is unclear when Capital Contribution #2 would be paid—that is, before or after construction completion—it cannot be counted as a source to be paid "prior to construction completion" as required by the terms of the RFA.
>
> 55. When Capital Contribution #2 from MHP's Equity Letter is not considered in the analysis of funding sources and uses, MHP is left with a funding shortfall.
>
> 56. With a funding shortfall in its Cost Pro Forma, MHP's application is ineligible for funding under the RFA.

Each of these findings, however, are amply rooted in competent, substantial evidence received at final hearing regarding the clear RFA mandate that each applicant's Equity Proposal plainly "[s]tate the proposed amount of equity to be paid prior to construction completion." Exh.

J-1, p. 71. Simply put, MHP's Equity Proposal completely ignored this requirement and MHP's corporate representative even admitted that MHP's Equity Proposal lacked a "definitive time line of construction completion." Tr., pp. 281-282. Against this backdrop, the Board need not look further, as MHP's lengthy exceptions improperly invite the Board to re-weigh evidence and fashion a completely different set of findings which contradict the RFA and invite reversible error. Each of these points is demonstrated below.

The RFA is clear: each Applicant who wishes to syndicate or sell housing credits must submit an Equity Proposal which satisfies certain strict requirements. The Equity Proposal "must meet the following criteria:"

- Be executed by the equity provider;
- Include specific reference to the Applicant as the beneficiary of the equity proceeds;
- **State the proposed amount of equity to be paid prior to construction completion;**
- State the anticipated Housing Credit Request Amount;
- State the anticipated dollar amount of Housing Credit allocation to be purchased; and
- State the anticipated total amount of equity to be provided.

Stip. p. 22, ¶ 33 (citing Exh. J-1, the RFA, p. 71) (emphasis added).

In this case, all applications in the DOAH proceeding – except MHP and MJHS – included equity proposals that easily satisfied those requirements. *See* Exh. J-7, p. 68; Exh. J-8, p. 70; Exh. J-9, p. 88; Exh. J-10, p. 76; Exh. J-11, p. 72; Exh. J-12, p. 68; Exh. J-13, p. 94; Exh. J-14, p. 81; Exh. J-16, p. 81.

MHP's Equity Proposal, however, failed to include any language which plainly stated the amount of equity paid prior to construction completion. Exh. J-15, p. 72; *see also*, Tr. p. 195, lines 14-17 (testimony from Marisa Button confirming that MHP's Equity Proposal did not "clearly state the proposed amount of equities to be paid prior to construction completion").

As Heritage Village pointed out below, this error was compounded by the fact that MHP's Equity Proposal was markedly vague about the timing of its second capital contribution. Indeed, MHP's Equity Proposal described its first two contributions as follows:

> Capital Contribution #1: $3,804,481 (15.00%) at Partnership Closing anticipated August 1, 2023, upon the approved closing draw schedule, with any remaining funding to be advanced based on percentage of completion under a construction loan format (approved draws).
>
> *This installment is estimated to pay up to $2,125,851 of Developer Fee. Developer Fee. As the development budget changes between the time of this term sheet and the Transaction closing, the Developer Fee Holdbacks noted in Capital Contributions #3 and #4 need to be maintained. Paid Developer Fee at closing will be adjusted to maintain paid Developer Fee Holdbacks. In no event will paid fee at closing exceed 33% of total paid fee.*
>
> Capital Contribution #2: $5,643,313 (22.25%) To be contributed upon the latter of (i) 95% construction completion or (ii) January 1, 2025, based on percentage of completion under a construction loan format (approved draws).

Exh. J-15, pp. 71-72.

When asked whether MHP's Capital Contribution #2 was vague as to its timing, Ms. Button confirmed this fact unequivocally:

> Q: In Florida Housing's view, is it possible to determine from the plain language of this equity proposal whether capital contribution number two will be paid prior to construction completion?
>
> A: No.

Tr. p. 196, lines 6-10. Ms. Button's testimony, along with the documentary evidence of MHP's Equity Proposal, provides ample competent, substantial evidence to support the ALJ's findings in paragraphs 52 to 54. *E.g.*, *Recommended Order*, ¶ 52 ("Capital Contribution #2 provided for in the MHP Equity Letter does not plainly state, as required by the RFA, that the capital being contributed will be paid prior to construction completion. Instead, it provides two alternate conditions precedent for payment and indicates that the equity will be paid upon completion of the latter of the two.").[1]

Although MHP's Exceptions repeatedly suggest that construction completion would occur after January 1, 2025 and that "Capital Contribution #2 would be paid *prior to* construction completion," MHP's Exceptions are belied by the testimony of MHP's Corporate Representative (Mr. Shear) who candidly admitted that the equity proposal contained no "definitive time line of construction completion:"

> Q: Mr. Shear, show us the language in the equity proposal where it plainly states that construction was guaranteed to be completed after January 1, 2025?
>
> **A: There is no such language which explicitly guarantees anything related to a definitive time line of construction completion.**

Tr. pp. 281-282 (emphasis added). In sum, the hearing officer's findings were corroborated by the admissions of MHP's own representative, and the record is replete with evidence supporting the ALJ's finding (and Florida Housing's testimony) that "it is unclear when Capital Contribution #2 would be paid . . . .".[2]

---

[1] The record also shows that nothing in MHP's Equity Proposal clarified the proposal's intentionally qualifying language that Capital Contribution #2 would somehow be "based on percentage of completion under a construction loan format (approved draws)." Exh. J-15, pp. 71-72. MHP chose not to provide any construction loan format or approved draw information in its proposal, which in and of itself, renders the timing of Capital Contribution #2 undecipherable. *See, e.g.*, Tr. p. 196, lines 3-5 (Ms. Button confirming that MHP did not provide any construction loan format or approved draw information).

[2] Even though the RFA's requirements are targeted to statements which must be made in the Equity Proposal, MHP's Exceptions continue its argument below that a construction timeline could somehow be gleaned from "context clues" lying in MHP's Pro Forma Development Form. Tr. p. 228; lines 3-11. This argument must be rejected for two reasons: (1) the RFA's requirements are focused upon obligations of the investor and what express statements must be made by the investor in the equity proposal (not the applicant in its accounting worksheets); and (2) the Board is not permitted to find alternative facts if the record demonstrates that the hearing officer's findings were rooted in competent substantial evidence. *Walker*, 946 So. 2d at 605; *Bradley*, 510 So. 2d at 1123. Simply put, there is no reason to reject the recommendation here.

The ALJ's remaining findings in paragraphs 54 through 56 are simply a recitation of the RFA requirements and the parties' stipulations. The RFA requires Florida Housing not count any funding source in an equity proposal which fails to meet the RFA's express requirements. Stip., p. 22, ¶ 32. As such, Florida Housing properly removed Capital Contribution #2 from the available sources listed in MHP's Development Cost Pro Forma.

The parties then stipulated below that, the RFA states under Section Four, Subpart A.10.c:

> All Applicants must complete the Development Cost Pro Forma listing the anticipated expenses or uses, the Detail/Explanation Sheet, if applicable, and the Construction or Rehab Analysis and Permanent Analysis listing the anticipated sources (both Corporation and non-Corporation funding). **The sources must equal or exceed the uses. If a funding source is not considered and/or if the Applicant's funding Request Amount is adjusted downward, this may result in a funding shortfall.** If the Application has a funding shortfall in either the Construction/Rehab and/or the Permanent Analysis of the Applicant's Development Cost Pro Forma, the amount of the adjustment(s), to the extent needed and possible, will be offset by increasing the deferred Developer Fee up to the maximum eligible amount as provided below.
>
> The Development Cost Pro Forma must include all anticipated costs of the Development construction, rehabilitation and, if applicable, acquisition, including the Developer Fee and General Contractor fee.

Stip. pp. 23-24, ¶ 37 (citing Exh. J-1, the RFA, pp. 79-80) (emphasis in original stipulation).

In addition, the parties expressly stipulated that "[i]f Capital Contribution #2 from MHP's Equity Letter is not considered in the analysis of funding sources and uses, the result is a funding shortfall (i.e. sources are less than uses)." Stip., p. 24, ¶ 38. Finally, the parties also stipulated that the RFA required each application's funding sources to "equal or exceed uses" in order to be eligible for funding. *Id*. at ¶ 39.[3]

[3] Paragraph 39 of the parties' Joint Stipulation provides: "Section Five, Subpart A.1 of the RFA contains a summary listing of eligibility items. The RFA states that 'Only Applications that meet all of the following Eligibility Items will be eligible for funding.' The Section Five, Subpart A.1

Each of these stipulations are binding and form the basis for the ALJ's findings in paragraphs 54 through 56. *E.g., Palm Beach Cmty. Coll. v. State of Fla., Dep't of Admin.*, 579 So. 2d 300, 302 (Fla. 4th DCA 1991) ("When the parties agree that a case is to be tried upon stipulated facts, the stipulation is binding not only upon the parties but also upon the trial and reviewing courts. In addition, no other or different facts will be presumed to exist.").

Although much of MHP's Exception attempts to raise issues about credit underwriting, the fact remains that credit underwriting is a completely separate process that has absolutely nothing to do with whether MHP's Equity Proposal met the requirements of the RFA. Tr. p. 229; lines 4-21. "Credit underwriting is a de novo review of all information supplied, received or discovered during or after any competitive solicitation scoring and funding preference process…" Fla. Admin. Code R. 67-48.0072. As such, those portions of the Exceptions warrant no further response.

For these reasons, Findings of Fact 52 through 56 are supported by competent, substantial evidence in the record. MHP's Exception No. 1 should be rejected.

<u>Response to Exception Number Two</u>

In Exception No. 2, MJHS takes exception to the ALJ's Findings of Fact in paragraphs 61 through 65 which were as follows:

> 61. . . . Although it is clear from a complete reading of the MJHS Equity Letter that November 1, 2024, would occur prior to the construction completion date, which is listed as January 2025, it is not clear that each and every term listed in subparts (a) through (g) would be satisfied prior to construction completion. If any one of the events listed in subparts (a) through (g) occurs after construction ends, the funds will not be available before construction completion.
>
> 62. . . . The undersigned is persuaded by Ms. Button's testimony that it is unclear whether the accountant's draft Cost Certification would be received before construction completion.

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chart contains the following eligibility item: 'Development Cost Pro Forma provided showing sources that equal or exceed uses.'" Stip. p. 24, ¶ 39 (citing Exh. J-1, the RFA, pp. 92-93).

63. Because it is not clear that the Second Installment will be paid prior to construction completion, the installment cannot be included as a funding source in MJHS's Cost Pro Forma.

64. When the Second Installment is removed as a construction funding source, the sources no longer meet or exceed the uses in the Cost Pro Forma, and MJHS is left with a funding shortfall.

65. With a funding shortfall in its Cost Pro Forma, MJHS's application is ineligible for funding under the RFA.

In this case, MJHS's Equity Proposal suffered the same defect as the one submitted by MHP. The Equity Proposal in MJHS's Application failed to plainly "[s]tate the proposed amount of equity to be paid prior to construction completion." Exh. J-1, p. 71; Tr. p. 198, lines 11-14 (Testimony of Ms. Button confirming that the MJHS Equity Proposal does not clearly state the amount of equity that will be paid prior to construction completion). Simply put, the MJHS Equity Proposal lacks the certainty required by the RFA.

Adding to this uncertainty, the MJHS Proposal recited a series of events and conditions for each of its four (4) installments. According to the MJHS Equity Proposal, each installment will be paid on the "later to occur" of a calendar date and satisfaction of those conditions. Exh. J-6, pp. 82-83.

Heritage Village challenged MJHS's classification of the second installment, which is payable on the later of November 1, 2024 and satisfaction of **seven** conditions. Exh. J-6, p. 82. The MJHS Second Installment is detailed as follows:

> $9,630,143 (40.00%) (the "Second Installment"), will be funded **upon the later to occur** of November 1, 2024 and satisfaction of the following conditions, as reasonably determined by the Special Limited Partner:
>
> a) 98% lien-free (up to $100,000 of liens may be bonded over) Construction Completion of the Property sufficient for all residential rental units to be "placed in service" within the meaning of Section 42 of the Code

> b) the issuance of all required temporary certificates of occupancy (with the appropriate life and safety certifications) permitting occupancy of all residential rental units
>
> c) receipt of the accountant's draft Cost Certification
>
> d) no payable developer fee will be released under this Third Installment until 100% lien free Construction Completion, as evidenced by the architect's substantial completion certificate that the Property has been completed in accordance with the Plans and Specifications
>
> e) receipt by the Special Limited Partner of satisfactory evidence that all environmental requirements as required in a Phase I or Phase II ESA have been met, (if applicable) unless the Special Limited Partner determines during underwriting that the conditions cannot be met until a subsequent installment
>
> f) execution of a property management agreement if not required at closing
>
> g) evidence that the CSS provider has been engaged, the CSS has been started, and the final CSS will be delivered by January 31st in the year following when the Property is Placed in Service

Stip., pp. 28-29, ¶ 56; Exh. J-6, pp. 82-83 (emphasis added).

During proceedings below, Florida Housing testified that it is impossible to determine when the second installment will be paid. Tr., p. 198, line 25–p. 199, line 3. Ms. Button testified that the Equity Proposal provides no indication of when the listed conditions will occur. *See* Tr., p. 199, line 11–p. 200, line 5. If any one of those events transpires after construction ends, the funds will not be available before construction completion. *See* Exh. J-6, pp. 82-83.

As the Recommended Order finds, Ms. Button testified that the MJHS Equity Proposal does not identify the date when MJHS would have "receipt of the accountant's draft cost certification." Tr., pp. 199, lines 17-22. Accordingly, it is impossible to conclude that the draft cost certification will certainly be obtained prior to construction completion.

The ALJ was persuaded by Ms. Button's testimony that it is unclear whether the accountant's draft Cost Certification, as required by subpart (c), would be received before construction completion. This determination is based on competent, substantial evidence – the testimony of Ms. Button. Tr. p. 210, lines 15-17. Although MJHS's Exceptions suggest that there should be some unusual emphasis placed upon a **draft** cost certification, MJHS has overlooked the fact that Ms. Button clearly testified that construction could be complete before a **draft** certification is received. *Id.* at pp. 210-211 ("Yes, and construction could be complete prior to any receipt of a draft of account[ant's] cost certification as well. So yes.").

In addition, the record shows that Ms. Button's testimony was corroborated by the testimony of Ken Naylor, a representative of Heritage Village:

> Q: Yes. Mr. Naylor, there has been talk here about a cost certification from accountants. What is that?
>
> A: That is a third-party auditing firm that the developer engages to create a certification of all the costs that are in the development which ultimately is reviewed by the investor limited partner to their satisfaction and reviewed in multiple draft iterations with Florida Housing.
>
> Q: Can that happen after construction completion?
>
> A: Yes.

Tr. p. 242, lines 4-14.

Against this backdrop, it is easy to see how the ALJ found Ms. Button's testimony to be persuasive. That is the sole province of an ALJ in these proceedings: to weigh the evidence and determine the credibility of the witnesses. *Heifetz*, 475 So. 2d at 1281 ("It is the hearing officer's function to consider all the evidence presented, resolve conflicts, judge credibility of witnesses, draw permissible inferences from the evidence, and reach ultimate findings of fact based upon competent, substantial evidence.").

Much like Exception No. 1, the remainder of the ALJ's findings flow from the language of the RFA and the parties' binding stipulations. The parties stipulated below that if an Applicant will be "syndicating/selling the Housing Credits," the Equity Proposal "must meet the following criteria:"

- Be executed by the equity provider;
- Include specific reference to the Applicant as the beneficiary of the equity proceeds;
- **State the proposed amount of equity to be paid prior to construction completion;**
- State the anticipated Housing Credit Request Amount;
- State the anticipated dollar amount of Housing Credit allocation to be purchased; and
- State the anticipated total amount of equity to be provided.

Stip. p. 27, ¶ 52 (citing Exh. J-1, the RFA, p. 71) (emphasis added).

The parties then stipulated below that, the RFA states under Section Four, Subpart A.10.c:

> All Applicants must complete the Development Cost Pro Forma listing the anticipated expenses or uses, the Detail/Explanation Sheet, if applicable, and the Construction or Rehab Analysis and Permanent Analysis listing the anticipated sources (both Corporation and non-Corporation funding). **The sources must equal or exceed the uses. If a funding source is not considered and/or if the Applicant's funding Request Amount is adjusted downward, this may result in a funding shortfall.** If the Application has a funding shortfall in either the Construction/Rehab and/or the Permanent Analysis of the Applicant's Development Cost Pro Forma, the amount of the adjustment(s), to the extent needed and possible, will be offset by increasing the deferred Developer Fee up to the maximum eligible amount as provided below.
>
> The Development Cost Pro Forma must include all anticipated costs of the Development construction, rehabilitation and, if applicable, acquisition, including the Developer Fee and General Contractor fee.

Stip. p. 29, ¶ 57 (citing Exh. J-1, the RFA, pp. 79-80) (emphasis in original stipulation).

In addition, the parties expressly stipulated that "[i]f the Second Installment from MJHS's Equity Letter is not considered in the analysis of funding sources and uses, the result is a funding shortfall (i.e. sources are less than uses)." Stip. p. 29, ¶ 58. Finally, the parties again stipulated that the RFA required funding sources to "equal or exceed uses" in order for an applicant to be eligible for funding. *Id.* at ¶ 59.

Each of these stipulations are binding and form the basis for the ALJ's findings in paragraphs 61 through 65. *E.g., Palm Beach Cmty. Coll.*, 579 So. 2d at 302 ("When the parties agree that a case is to be tried upon stipulated facts, the stipulation is binding not only upon the parties but also upon the trial and reviewing courts. In addition, no other or different facts will be presumed to exist").

Simply put, there is ample competent substantial evidence to support the ALJ's findings in paragraphs 61 through 65. Although MJHS devotes pages and pages in an attempt to build an argument that its Equity Proposal could still somehow suffice in light of all the many pages in its Application, the simple fact remains that <u>the RFA requires the Equity Proposal to state the amounts available prior to construction completion</u> and Florida Housing cannot accept materially ambiguous responses to RFA requirements. *Vistas at Fountainhead Ltd. P'ship*, No. 19-2328BID, ¶¶ 46-49 (Fla. DOAH July 16, 2019) (Recommended Order), No. 2019-030BP (FHFC Aug. 5, 2019) (Final Order).[4] The RFA requires clarity from the investor, and that was clearly lacking here, as MJHS readily admitted below:

> Q: Where in your equity proposal does it plainly state that this second installment, and all seven of these conditions, will occur before construction completion?
>
> A: Doesn't state it in the letter, it's inferred.

Tr. p. 284, lines 16-20.

For all these reasons, Findings of Fact 61 through 65 are supported by competent substantial evidence in the record. MJHS's Exception No. 2 should be rejected.

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[4] Like MHP, MJHS argues that Florida Housing should have been able to decipher a construction timeline from context clues in the application. For the same reasons articulated in footnote 2 *supra*, this argument also fails.

Response to Exception Number Three

In Exception No. 3, MHP takes exception to the ALJ's Findings of Fact in paragraphs 79 through 83, as follows:

> 79. . . . Mr. Shear's testimony on this matter was not persuasive or credible and is not credited.
>
> 80. The written operating agreement, executed in February 2023, after MHP had already submitted its application, provided that Shear Holdings, the McDowell Trust, and Archipelago were "withdrawing members" and that the three withdrawing members had agreed to transfer their membership interest in SLP to Mr. McDowell, who would become SLP's sole member and manager. This contradicts Mr. Shear's testimony that Shear Holdings, the McDowell Trust, and Archipelago never had a membership interest in SLP.
>
> 81. Mr. Shear's claim that Mr. McDowell has always been the sole manager and member of SLP is not credible or supported by additional evidence.
>
> 82. The evidence presented supports a finding that the MHP Principals Disclosure Form, submitted as part of its application, inaccurately listed Mr. McDowell as the principal of SLP.
>
> 83. MHP's failure to disclose W. Patrick McDowell 2001 Trust, Archipelago Housing, LLC, and Shear Holdings, LLC, as principals of SLP as of the application deadline renders the application ineligible for funding.

MHP alleges that Findings of Fact 79 through 83 are not supported by competent, substantial evidence. When laid bare, however, MHP's exceptions are nothing more than an effort to have Florida Housing's Board improperly reverse the ALJ's credibility determination and somehow accept Mr. Shear's testimony below as accurate. But that is not, and never has been, the role of a reviewing body when considering an ALJ's recommended order.

It is the ALJ's role, and the ALJ only, to weigh the evidence and determine a witness's credibility. *Prysi v. Dep't of Health*, 823 So. 2d 823, 825 (Fla. 1st DCA 2002) ("An agency is not authorized to weigh evidence, judge credibility or otherwise interpret the evidence to fit its desired conclusion."); *Heifetz,* 475 So. 2d at 1281; *Baptist Hosp., Inc.*, 500 So. 2d at 623 ("Matters that are susceptible of ordinary methods of proof, such as determining the credibility of witnesses or the weight to accord evidence, are factual matters to be determined by the hearing officer."). When the evidence presented supports two inconsistent findings, it is the ALJ's role to decide the issue. *Heifetz,* 475 So. 2d at 1281.

Here, the ALJ determined that Mr. Shear was not a credible witness. As such, the ALJ was not required to accept any of Mr. Shear's testimony. Instead, the ALJ appropriately accepted the language of the special limited partner ("SLP")'s written operating agreement which disclosed three (3) "withdrawing members" who were not disclosed on MHP's Principal Disclosure Form with respect to the SLP. Although Mr. Shear attempted to testify that those members were never really members of the SLP, the written operating agreement disclosed them as "withdrawing" members. Even Mr. Shear admitted that the SLP written operating agreement was carefully vetted with counsel, so its language simply was not a mistake:

> Q: And Mr. Shear, you describe this document [the operating agreement], you agree with me that it was carefully vetted with the Nelson Mullens lawyers to make sure it was 100 percent accurate, right?
>
> A: Yes, they vetted it thoroughly. They proposed the language to reflect and memorialize the true membership interest in the company based on the facts that we had provided them . . . .

Tr. p. 136, lines 4-11. The SLP operating agreement was signed by Mr. Shear and two other individuals who reviewed its content carefully before they executed it. *Id*. at lines 17-20.

Simply put, the ALJ weighed the credibility of Mr. Shear's testimony, considered the "carefully vetted" SLP operating agreement which contradicted his testimony and found that MHP's disclosures about ownership of the SLP were simply not accurate. Florida Housing should reject MHP's invitation to re-weigh the evidence or draw a different conclusion with respect to the credibility of witnesses below. *See Belleau*, 695 So. 2d at 1306-07; *Dunham*, 652 So. 2d at 896.

For these reasons, Findings of Fact 81 through 83 are supported by competent substantial evidence and MHP's Exception No. 3 should be rejected.

Response to Exception Number Four

In Exception No. 4, MHP and MJHS take exception to the ALJ's Conclusions of Law in paragraphs 135 through 137, as follows:

> 135. MHP's and MJHS's Equity Proposals are ambiguous—it is not clear when the second installment of both equity proposals will be paid. MHP's Equity Proposal contains a date which, if construction is completed before that date, then equity would be paid after construction completion. MJHS's Equity Proposal contains seven conditions that must be completed before the release of the equity payment.
>
> 136. MHP's Capital Contribution #2 and MJHS's Second Installment must be excluded from the construction financing analysis because both create a material ambiguity in their respective applications as to when they will be paid. The exclusion of those funds results in construction funding shortfalls in both applications, causing both to be ineligible.
>
> 137. Heritage and SP Field met their burden to demonstrate that Florida Housing's decision deeming MHP's and MJHS's applications eligible is contrary to the RFA specifications. Florida Housing's preliminary scoring of the MHP and MJHS applications is clearly erroneous and contrary to competition.

Each of these conclusions relate to the parties' Equity Proposals which were discussed *supra*. To ensure an Applicant has sufficient funds to construct its Development, the RFA requires the Equity Proposal to "[s]tate the proposed amount of equity" that will be paid before construction is complete. Exh. J-1, p. 71. In cases like this, where an Equity Proposal fails to state the amounts paid prior to construction completion, Florida Housing has established precedent to follow. *E.g., Flagship Manor, LLC v. Fla. Hous. Fin. Corp*., 199 So. 3d 1090, 1094 (Fla. 1st DCA 2016) ("An agency generally must follow its own precedents."); *Plante, V.M.D. v. Dep't of Bus. & Prof'l Regul.*, 716 So. 2d 790, 791 (Fla. 4th DCA 1998).

In short, Florida Housing has repeatedly found that an Equity Proposal "is responsive" "only to the extent the amount of equity to be paid prior to construction completion is clearly stated." *HTG Oak Valley, LLC, v. Fla. Hous. Fin. Corp.*, No. 19-2275BID, ¶ 58 (Fla. DOAH July 16, 2019) (Recommended Order), No. 2019-032BP (FHFC Aug. 5, 2019) (Final Order); *Vistas at Fountainhead Ltd. P'ship*, No. 19-2328BID, ¶ 46 (Fla. DOAH July 16, 2019) (Recommended Order), No. 2019-030BP (FHFC Aug. 5, 2019) (Final Order) (consolidated for final hearing). If "the amount of pre-completion equity is unclear, the equity proposal must be considered non-responsive." *HTG Oak Valley*, No. 19-2275BID, at ¶ 58; *Vistas at Fountainhead*, No. 19-2328BID, at ¶ 46. "[A]n ambiguously expressed amount is no different, in the context of a competitive evaluation, from an unexpressed amount." *Id*.

It is indisputable that neither MHP nor MJHS's Equity Proposal stated whether the challenged installment will be paid before the end of construction. Instead, both Equity Proposals provided only that the payment will be made upon the latter of certain conditions, or a calendar date. Exh. J-6, pp. 82-83; Exh. J-15, p. 72. MHP and MJHS's exceptions nonetheless contend that their submissions should be deemed responsive. Both Applicants insist that the timing of the second installment can be gleaned from "context clues" in their Applications. Simply put, they each argue that a finding could be made by "inference" because the amounts are not plainly stated as required by the RFA.

However, MHP's and MJHS's argument contains a "fatal flaw" — "it implicitly revises" the RFA "to include an unstated proviso to the effect that ambiguous or uncertain responses will be given the most reasonable interpretation." *HTG Oak Valley*, No. 19-2275BID, at ¶ 59; *Vistas at Fountainhead*, No. 19-2328BID, at ¶ 47. This approach is expressly prohibited by the Agency's precedent.

HTG Oak Valley and *Vistas at Fountainhead* reject the premise that, "in determining conformity," Florida Housing "may use its best judgment to ascertain" the most likely "meaning of an uncertain or unclear response." *HTG Oak Valley*, No. 2019-35 032BP, at ¶ 57; *see also Vistas at Fountainhead*, No. 19-2328BID, at ¶ 45. Both cases recognize that "an uncertain response inherently" leaves "room for interpretation." *HTG Oak Valley*, No. 19-2275BID, at ¶ 64; *Vistas at Fountainhead*, No. 19-2328BID, at ¶ 52. If Florida Housing "were able to exercise the power to construe, it would have opportunities to show favoritism and, conversely, to act on bias." *Id.*

Accordingly, the Agency is not permitted to consider the investor's "intent" in drafting the Equity Proposal or attempt to measure the likelihood that an ambiguous installment "might be paid prior to construction completion." *HTG Oak Valley*, No. 19-2275BID, at ¶ 56; *Vistas at Fountainhead*, No. 19-2328BID, at ¶ 44. When determining whether an Applicant has satisfied the RFA's requirements, Florida Housing looks only to the Equity Proposal's plain language. Tr., p. 193, lines 3-7. If Florida Housing adopted the "'most reasonable' interpretation of an ambiguous response" it would "undermine confidence in the integrity of the competition…." *Vistas at Fountainhead*, No. 19-2328BID at ¶ 56. To that end, a material ambiguity is a substantial, nonwaivable deviation. *Id.* at ¶ 57.

Neither MJHS's Equity Proposal nor MHP's Equity Proposal provided any indication that the second equity installment will undoubtedly be available before construction is complete. Accordingly, the challenged payment cannot be properly categorized as a construction funding source. *See* Exh. J-1, p. 80 (recognizing that Agency may decline to consider funding sources); *HTG Oak Valley*, No. 19-2275BID, at ¶ 76 (concluding that ambiguous capital contribution must be excluded from the Applicant's construction funding); *Vistas at Fountainhead*, No. 19-2328BID, at ¶ 64 (same).

The second capital contribution in MHP's Equity Proposal is identified as a funding source available during construction in the Construction/Rehab Analysis of the Development Cost Pro Forma. Exh. J-15, p. 26; Tr., p. 197, lines 7-10. Similarly, the second installment in MJHS's Equity Proposal is included in the Construction/Rehab Analysis. Exh. J-6, p. 26; Tr., p. 200, lines 11-14.

When these ambiguous contributions are removed as construction funding sources, both MHP and MJHS are left with construction funding shortfalls. Stip., p. 24, ¶ 38; p. 29, ¶ 58. Each Applicant has therefore failed to satisfy the RFA's requirement to submit a Development Cost Pro Forma showing funding sources that meet or exceed uses. Exh. J-1, p. 93.

Accordingly, the ALJ properly concluded that both MHP and MJHS's Equity Proposals are ambiguous and that MHP's Capital Contribution #2 and MJHS's Second Installment must be excluded from the construction financing analysis because both create a material ambiguity in their respective applications as to when they will be paid, rendering the applications ineligible. For these reasons, MHP and MJHS's Exception No. 4 should be rejected.[5]

<u>Response to Exception Number Five</u>

In Exception No. 5, MHP takes exception to the ALJ's Conclusion of Law in paragraph 144, as follows:

> 144. Mr. Shear, MHP's corporate representative, provided testimony that the information contained in the MHP Principals Disclosure Form was correct, because of oral agreements in place between the implicated persons. But his testimony was not credible or persuasive on this point. There was no documentary proof corroborating his testimony. The only documentation was created after the application deadline, purporting to be retroactively effective. The documentation

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[5] Much of MHP and MJHS's exceptions are devoted to a discussion of *Rosedale Holding v. Fla. Hous. Fin. Corp.*, Case No. 2013-038 (Fla. DOAH May 12, 2014) (Recommended Order), No. 2013-038BP (FHFC June 13, 2014) (Final Order). <u>But *Rosedale* is not even cited within the Recommended Order</u>. The exception is thus patently improper to the extent that appropriate and specific citations to the record have not been made. *See* Fla. Admin. Code R. 28-106.217(1). Regardless, even if the Board were to consider *Rosedale*, the result would be same: *Rosedale* supports the ALJ's recommendations here.

> only proved that there was a change in managing members documented after the application deadline. The undersigned finds that the correct principal as of the application deadline was not disclosed for SLP on the MHP Principals Disclosure Form.

MHP alleges that Conclusion of Law 144 is unreasonable. MHP argues that Florida partnership agreements can be oral and that a document filed with the Department of State does not create a presumption of validity or invalidity that the information contained within the document is correct or incorrect. Similarly, Ms. Button testified that "Florida Housing does not take a position that the Sunbiz filings automatically control." Therefore, MHP reaches the conclusion that Mr. Shear's testimony regarding the operating agreement in place and the named principals must be credible because he is the witness with personal knowledge.

Once again, MHP's exception requests that Florida Housing reweigh the evidence considered by the ALJ. As discussed in Response to Exception No. 3, the ALJ weighed the evidence and determined that Mr. Shear's testimony was not credible. The ALJ acknowledged in paragraph 140 that, pursuant to Florida Statute section 605.0210(5), the filing of a document on the Department of State's website does not (a) affect the validity or invalidity of the document in whole or part; (b) relate to the correctness or incorrectness of information contained in the document; or (c) create a presumption that the document is valid or invalid, or that information contained in the document is correct or incorrect. Similarly, in paragraph 141, the ALJ concluded that "[w]hen a conflict arises between the filings with the Division of Corporations and the application, additional evidence may be proffered to determine whether the application was correct as of the application deadline. *Heritage at Pompano Housing Partners, LTD. v. Fla. Hous. Fin. Corp.*, Case No. 14-1361BID (Fla. DOAH June 10, 2014; FHFC June 13, 2014)." Rule 67-48.0075 mandates the identification of "<u>all</u> of the Principals of <u>all</u> the entities" disclosed within that first disclosure level. Fla. Admin. Code R. 67-48.0075(8)(b) (emphasis added). MHP simply failed to do so here.

With this background, the ALJ reasonably concluded that the correct principal was not disclosed by the application deadline. For these reasons, MHP's Exception No. 5 should be rejected.

Response to Exception Number Six

In Exception No. 6, MHP takes exception to the ALJ's Conclusions of Law in paragraphs 146 through 151, as follows:

> 146. In support of its argument, MHP relies on *Ambar Riverview, Ltd. v. Florida Housing Finance Corporation*, DOAH Case No. 19-1261BID (Fla. DOAH May 21, 2019; FHFC June 21, 2019). In *Ambar*, the petitioner argued that the successful applicant should be deemed ineligible because it failed to identify the multiple roles of certain disclosed principals. The successful applicant's Principals Disclosure Form identified several persons as "officers" of the corporation but failed to indicate that they were also "directors." Their status as directors was revealed elsewhere in the application. The ALJ concluded that the identification of all principals on the Principals Disclosure Form was sufficient and that there was no requirement to state the multiple roles of each principal in the Principals Disclosure Form. The ALJ further concluded that, in any event, the information regarding the multiple roles of the disclosed principals could be found within the four corners of the application and "[a]t most, [the successful applicant's] failure to identify the multiple roles of its disclosed principals in the Principals Disclosure form is a waivable, minor irregularity." *Ambar*, Case No 19-1261BID, RO at 67.
>
> 147. The facts at issue in the case at hand are distinguishable from those in *Ambar*. MHP's error was not simply failing to correctly identify all the appropriate roles for each principal listed, but rather, failing to correctly identify the principals. Further, the ALJ found in *Ambar* that the application of the challenged applicant was "correct and complete." The undersigned does not find the same here.
>
> 148. The facts in this case are more analogous to those presented in *HTG Village View LLC v. Florida Housing Finance Corporation*, et al., Case No. 18-2156BID (Fla. DOAH July 27, 2018), adopted in pertinent part, FHFC No. 2018-017BP (FHFC September 14, 2018).
>
> 149. As here, the challenged applicant in *HTG Village View* argued that its error in failing to disclose all principals of an entity should be waived as a minor irregularity because the undisclosed principal was disclosed elsewhere on the form

> as a principal of a different entity. The ALJ determined that the failure to disclose that individual as a principal of each entity was a material deviation which rendered the application ineligible. *HTG Village View*, Case No. 18-2156BID, RO at 53, 76-78.
>
> 150. MHP's failure to name the correct principals of SLP is contrary to the requirements of the RFA.
>
> 151. Florida Housing's preliminary scoring of the MHP application is clearly erroneous and contrary to competition. For this reason, in addition to MHP's failure to meet the RFA's Equity Proposal requirements, MHP is ineligible for funding.

MHP alleges that Conclusions of Law 146 through 151 are unreasonable. MHP essentially makes the same arguments raised in Exception No. 5, and further raises exception to the ALJ's analysis of *Ambar*. MHP argues that, like in *Ambar*, all individuals that needed to be disclosed were identified within MHP's Principal Disclosure Form.

However, the instant case is distinguishable from *Ambar* for two reasons. First, *Ambar* addressed a different error in the Principal Disclosure Form. While MHP's Application failed to identify mandatory Principals, the challenged application in *Ambar* contained no such omission. *See Ambar*, No. 19-1261, at ¶ 23 ("Significantly, Ambar does not argue that [the Applicant] failed to disclose a principal."). The *Ambar* applicant instead neglected to explain that persons who had been disclosed as principals held multiple roles within the listed organization. *Id.* The *Ambar* applicant, for example, identified one individual as an executive director without explaining that the person also served as an officer. *Id.* Florida Housing and the ALJ concluded that disclosure of numerous positions was not required. *Id.* at ¶ 46.

Second, the minor irregularity analysis articulated in *Ambar* is inapplicable here. The Recommended Order in *Ambar* concluded that—even if the Applicant had been required to describe each role held by the listed Principals—the failure to do so could be waived by the Agency. *Id.* at ¶ 47. As explained by the ALJ, information about those multiple positions was contained elsewhere in other sections of the Application. *Id.* at ¶¶ 44-45. Here, no other portion of MHP's Application identified Shear Holdings, the McDowell Trust, or Archipelago as the Principals of SLP. MHP's error is therefore incapable of being considered a minor irregularity.

Because of these distinctions, *Ambar* cannot determine the outcome of the instant proceeding. This case is instead more akin to *HTG Village View v. Fla. Hous. Fin. Corp.*, No. 18-2156BID (Fla. DOAH July 27, 2018) (Recommended Order), No. 2018- 017BP (FHFC Sept. 17, 2018) (Final Order). In *HTG Village View*, the Applicant omitted the name of a required Principal in the third principal disclosure level. *Id.* at ¶ 50. The Applicant was accordingly declared ineligible—even though that very same Principal had already been named in the second principal disclosure level. *Id.* at ¶¶ 50, 53. The ALJ determined that "[t]he RFA required that applicants disclose Principals in the Principal Disclosure Form for each type of entity." *Id.* at ¶ 50. The Applicant's failure to do so was deemed "a material deviation that cannot be waived." *Id.* at ¶ 53. The same result is compelled here. MHP's failure to name the correct Principals for SLP violates rule 67-48.0075, even if those entities are listed elsewhere as Principals of a different entity. MHP is therefore ineligible for funding. Exh. J-1, p. 93; Tr., p. 173, lines 23-25.

The ALJ then reasonably concluded that the correct principal was not disclosed by the application deadline. For these reasons, MHP's Exception No. 6 should be rejected.

<u>Response to Exception Number Seven</u>

In Exception No. 7, MHP and MJHS take exception to the ALJ's Conclusions of Law in subparagraphs (b) and (c), as follows:

> (b) MHP's application is ineligible for funding under the RFA;
>
> (c) MJHS's application is ineligible for funding under the RFA.

MHP and MJHS take exception to the ultimate recommendation that MHP and MJHS are ineligible for funding under the RFA. The ALJ's recommendation is based on Findings of Fact supported by competent, substantial evidence and reasonable Conclusions of Law. For all of the reasons addressed above in this Response, the recommendation is well-founded and should stand. Accordingly, MHP and MJHS's Exception No. 7 should be rejected.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via e-mail this 28th day of June, 2023 to:

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RFA 2022-205 List of Applications Awarded if Recommended Order is Adopted

SAIL Funding Balance Available	**5,379,202**
Family Demographic Funding Balance Available	**2,578,482**
Elderly Demographic Funding Balance Available	**2,800,720**
Self-Sourced Applicant Funding Balance	**MERGED**
Non-Self-Sourced Applicant Funding Balance	**MERGED**

Small County Funding Balance Available	**-**
Medium County Funding Balance Available	**-**
Large County Funding Balance Available	**5,379,202**

NHTF Funding will be 100% allocated in accordance with Exhibit H

Application Number	Name of Development	County	County Size	Name of Authorized Principal	Name of Developers	Dev Category	Demo. Commitment	SAIL Request	ELI Request	Total SAIL Request (SAIL + ELI)	Eligible For Funding?	Veterans Preference?	Self-Sourced Applicant?	Priority Level?	Total Points	Per Unit Construction Funding Preference	Leveraging Level	Proximity Funding Preference	Florida Job Creation Preference	Lottery Number
2023-118SN	Skyway Lofts II	Pinellas	L	Shawn Wilson	Blue SWL2 Developer, LLC	NC	F	$750,000	$0	750,000	Y	N/A	N	1	10	Y	A	Y	Y	27
2023-119SN	Pinnacle 441, Phase 2	Broward	L	David O. Deutch	Pinnacle Communities, LLC	NC	F	$4,000,000	$750,000	4,750,000	Y	N/A	N	1	15	Y	A	Y	Y	34
2023-125SN	Burlington Post II	Pinellas	L	Oscar Sol	Burlington Post 2 Dev, LLC	NC	E, Non-ALF	$2,500,000	$636,000	3,136,000	Y	Y	N	1	15	Y	A	Y	Y	26
2023-129BSN	The Residences at Martin Manor	Palm Beach	L	Kenneth Naylor	DM Redevelopment Developer, LLC	NC	F	$4,940,000	$750,000	5,690,000	Y	N/A	N	1	15	Y	A	Y	Y	18
2023-136SN	Perrine Village II	Miami-Dade	L	Kenneth Naylor	APC Perrine Development II, LLC	NC	E, Non-ALF	$8,400,000	$750,000	9,150,000	Y	Y	N	1	15	Y	A	Y	Y	3
2023-143SN	Heritage Village South	Miami-Dade	L	Kenneth Naylor	Heritage Village South Development, LLC	NC	F	$6,228,000	$750,000	6,978,000	Y	N/A	N	1	15	Y	A	Y	Y	1
2023-146SN	Clearwater Gardens	Pinellas	L	Brett Green	Archway Clearwater Gardens Developer, LLC	NC	F	$4,657,500	$750,000	5,407,500	Y	N/A	N	1	15	Y	A	Y	Y	25
2023-151BSN	Bayside Breeze	Okaloosa	M	Carol Gardner	TEDC Affordable Communities, Inc.; Bayside Development of Fort Walton, LLC; 42 Partners, LLC	NC	E, Non-ALF	$6,850,000	$750,000	7,600,000	Y	Y	N	1	15	Y	A	Y	Y	13
2023-160BSN	The Enclave at Canopy Park	Orange	L	Brett Green	The Enclave at Canopy Park Developer, LLC	NC	F	$7,900,000	$750,000	8,650,000	Y	N/A	N	1	15	Y	A	Y	Y	43
2023-161SN	WRDG T4 Phase Two	Hillsborough	L	Leroy Moore	WRDG T4 Phase Two Developer, LLC	NC	F	$2,000,000	$750,000	2,750,000	Y	N/A	N	1	15	Y	A	Y	Y	16

On May 17, 2023, Application 2023-134SN St. Joseph Manor II, withdrew. Since the withdrawal did not affect the selection process, St Joseph Manor II is not included in this list.

July 21, 2023

Information Items

Table of Contents

I. ASSET MANAGEMENT

A. Florida Housing Multifamily Rental Portfolio Compliance Dashboard

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

a) Florida Housing's Management Review and Physical Inspection (MRPI) includes a review of records such as application for residency, tenant income certification/recertification and income verification documents, leases, rent rolls and regulatory agreements (Land Use Restriction Agreement and/or Extended Low-Income Housing Agreement). Physical Inspections include the interior/exterior of residential building and common areas, and a review of general site conditions - landscape, sidewalks, and paved areas.

b) To arrive at the information presented below, data on all reviews conducted from 1/1/2018 through 6/15/2023 was analyzed. It is important to note, that from 4/1/2020 to 9/30/2021, physical inspections were paused pursuant to IRS Notices 2020-53 and 2021-12 and HUD Memos. Only desk-top reviews of tenant files were completed during this period.

c) During the study period, Florida Housing conducted 3,980 MRPI Reports of 1,441 different developments. 89% of all MRPIs conducted during the study period were successfully closed. Of the 449 open reviews from the study period:

(1) 42% of developments and 41% of owners have unsatisfactory ratings for examination of records;

(2) 42% of developments and 39% of owners have unsatisfactory rating(s) regarding physical condition of the development; and

(3) 27% of developments have deficiencies in both the examination of record and physical inspection categories.

II. COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

A. Monroe County Scattered Sites RFA 2019-101 (2020-004D) Request for Approval of Additional Subordinate Debt:

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

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved delegating to staff the authority to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

The Request for Applications (RFA) in place at the time of the Application stated:

Exhibit F. 5. l. After accepting a preliminary commitment, the Applicant or Land Owner shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the CDBG-DR mortgage without prior approval of the Corporation's Board of Directors.

b) On June 22, 2023, staff received an update to the final credit underwriting report with a positive recommendation for additional subordinate debt (Exhibit A). Staff has reviewed this report and finds that it meets all requirements of the RFA.

III. FISCAL

A. Operating Budget Analysis for May 31, 2023

1. Background/Present Situation:

a) The Financial Analysis is attached as Exhibit A.

b) The Operating Budget for the period ending May 31, 2023 is attached as Exhibit B.

IV. GUARANTEE PROGRAM

A. Status of the Guarantee Program portfolio

1. Background:

a) Since the implementation of the Guarantee Program in 1993, 120 transactions facilitating the construction of over 28,000 units in Florida were guaranteed. In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. As of 6/30/23, one (1) multifamily development remains in the Guarantee Program portfolio.

b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program portfolio, representing the total (and only) multifamily claims incurred in its 30-year history. The Guarantee Program experienced a strong 87% foreclosure recovery rate, compared to the 64% national average at that time.[1] Currently, there are no foreclosures in inventory and no developments in monetary default in the portfolio.

2. Corpus and Portfolio Risk Exposure:

a) The global liquidity crisis of 2008 collapsed the market for the variable rate bonds capitalizing the Guarantee Program corpus, ultimately leading staff to restructure the debt, paying off approximately $89 million and refinancing the remaining $156.2 million in variable rate bonds to a 5-year term loan with Citibank, closing on December 31, 2009.

b) At that time, the Guarantee Program's total risk exposure was $754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure has been reduced over 99%, as reflected below:

Portfolio Risk Exposure

As of 6/30/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
$4.8M	$4.9M	$5.0M	$5.1M	$5.2M	$19.9M	$20.4	$30.9M	$59.4M	$158.9M	$306.5M

c) The continued low interest rate environment has prompted many Developers to refinance their properties, paying-off their guaranteed mortgages and removing them from the Guarantee Program portfolio, representing the primary driver behind the reduction in Total Commitments reflected above. Refinancing activity is reflecting in the following chart:

[1] Real Capital Analytics, April 2011.

Refinancing Activity

	As of 6/30/23	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Loans (#):	0	0	0	0	2	0	1	5	17	22	22
Risk ceded ($):	n/a	n/a	n/a	n/a	$14.4M	n/a	$10.2M	$27.6M	$100M	$136.8M	$149.4M

d) Contributing to the reduction in Total Commitments was approximately $115 million in partial prepayments (of mortgages) from SAIL ELI proceeds, funded prior to or at the time of closing, helping facilitate refinancing activity.

e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off the $156.2 million Citibank term loan on December 21, 2012, reducing the Guarantee Fund's capitalizing debt to zero ($0).

f) The Guarantee Fund corpus contains approximately $146.1 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA) rated "AA-f" by Standard & Poor's as of March 31, 2022.

B. Current Ratings (Insurer Financial Strength)

1. <u>Background:</u>

a) Standard & Poor's: May 2020 A+ / Stable outlook

(1) Cited strengths: "Strong state financial support…Strong asset quality…Strong Asset Management policies…"[2]

b) Fitch: March 2018 A+ / Stable outlook

(1) Cited strengths: "Low Risk-to-Capital Ratio…Limited State support…Minimal Multifamily Losses…"[3]

C. Risk-to-Capital Ratio:

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

a) Authorized Maximum Ratio = 5:1. Peaking in 1999 at 4.95:1, subsequent management efforts resulted in a more conservative downward trend to the vastly improved ratio of 0.03:1 as of 6/30/23. Capital not needed to support the outstanding Guarantees was made available to the SAIL program for use in 2016-2019 competitive solicitations.

D. Guarantee Program Portfolio (<u>Exhibit A</u>)

[2] Standard & Poor's, "Florida Affordable Housing Guarantee Fund", May 21, 2020, www.standardandpoors.com/ratingsdirect. Standard & Poor's 2023 surveillance was concluded on April 17, 2023 and resulted in Review – No Action of the rating

[3] Fitch Ratings, "Fitch Affirms Florida Housing Finance Corp's Guarantee Fund at 'A+'; Outlook Stable", March 28, 2018, www.fitchratings.com. Fitch Ratings 2023 surveillance was concluded on May 4, 2023 and resulted in Review-No Action of the rating.

V. MULTIFAMILY BONDS

A. Heron Estates Family (2020 Series Q / RFA 2018-116 / 2019-147BSN) has requested approval to increase the principal amount of their permanent first mortgage:

1. Background/Present Situation:

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the Rule in place at the time of the Application of the above named development, Rule Chapter 67-48.010(15), F.A.C (effective May 24, 2017), stated:

> (15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

c) On June 23, 2023, staff received an update to the final credit underwriting report with a positive recommendation to increase the principal amount of the permanent first mortgage (Exhibit A). Staff has reviewed this report and approved the Borrower's request.

B. Northside Transit Village III (2023 Series B / RFA 2019-102 / 2020-024BD) has requested approval to increase the subordinate debt:

1. Background/Present Situation

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022, Board Meeting.

b) RFA 2019-102 at Exhibit F Section 5.(1) States:

> (15) After accepting a preliminary commitment, the Applicant or Land Owner shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the CDBG-

DR mortgage without prior approval of the Corporation's Board of Directors.

c) On June 20, 2023, staff received an update to the final credit underwriting report with a positive recommendation to increase the subordinate debt (Exhibit B). Staff has reviewed this report and approved the Borrower's request.

C. Culmer Apartments (2023 Series C / RFA 2019-116 / 2020-435BSN) has requested approval to change the construction and permanent financing.

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

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the Rule in place at the time of the Application of the above named development, Rule Chapter 67-48.010(15), F.A.C (effective May 24, 2017), stated:

> (15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

c) On June 21, 2023, staff received an update to the final credit underwriting report with a positive recommendation to change the construction and permanent financing (Exhibit C). Staff has reviewed this report and approved the Borrower's request.

D. Parrish Oaks (RFA 2017-108 / 2018-051BS / 2016-575C) has requested approval to increase permanent first mortgage financing.

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

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the Rule in place at the time of the Application of the above-named development, Rule Chapter 67-48.010(15), F.A.C (effective May 24, 2017), stated:

> (15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

c) On June 22, 2023, staff received an update to the final credit underwriting report with a positive recommendation to change the construction and permanent financing (Exhibit D). Staff has reviewed this report and approved the Borrower's request.

E. The following Developments have requested, and staff approved, changes to the Construction Features & Amenities and/or Residential Programs:

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

a) Brittany Bay Apartments I / 2022 Series O-1 and O-2 / 2021-115B: The Borrower has requested to change the Green Building Feature from "Minimum SEER of 16 for unit air conditioners" to "Energy Star qualified refrigerators, dishwashers, and washing machines that are provided by the Applicant". The scoring of the application will remain unaffected. Staff will amend the Land Use Restriction Agreement and Extended Low-Income Housing Agreement for the development as appropriate.

b) Heron Estates Family / 2020 Series Q / RFA 2018-116 / 2019-147BSN: The Borrower has requested to change the Green Building Feature from "Florida Yards & Neighborhoods certification on all landscaping" to "Humidistat in each unit". The scoring of the application will remain unaffected. Staff will amend the Land Use Restriction Agreement and Extended Low-Income Housing Agreement for the development as appropriate.

c) Magnolia Oaks / 2021 Series F / RFA 2019-2020-074BR: The Borrower has requested to change Residential Programs from "Family Support Coordinator" to "Adult Literacy". The scoring of the application will remain unaffected. Staff will amend the Land Use Restriction Agreement and Extended Low-Income Housing Agreement for the development as appropriate.

d) Hampton Point Apartments / 2003 Series Q 1 & 2 / 2003-515C / RFP 2010-16-20 / RFP 2012-04-11 / 2021-104B / 2021-535C: The Borrower has requested to change the Features and Amenities (i) item C.8 from "gated community with "carded" secure entry or security guard, or if mid-or-high-rise, "carded' secure entry to building" to "*gated community with camera system and license plate reader*" and (ii) D.8. from "outside recreation area for older children (sand volleyball court)" to "*outside recreation area for older children (half basketball court)".* The scoring of the application will remain unaffected. Staff will amend the Land Use Restriction Agreement and Extended Low-Income Housing Agreement for the development as appropriate.

Information

VI. MULTIFAMILY PROGRAMS - ALLOCATIONS

A. Multifamily Programs - Allocations Updates

1. RFA Updates:

a) RFA 2023-205 SAIL Financing of Affordable Multifamily Housing Developments to Be Used in Conjunction With Tax-Exempt Bonds And Non-Competitive Housing Credits was issued July 5, 2023. The Application Deadline is August 3, 2023.

b) The Housing Credit Geographic RFAs were issued on July 7, 2023. Application Deadlines for each of the RFAs is set forth below.

- RFA 2023-201 Housing Credit Financing for Affordable Housing Developments Located in Medium Counties. The Application Deadline is September 12, 2023.
- RFA 2023-202 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, And Pinellas Counties. The Application Deadline is September 13, 2023.
- RFA 2023-203 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County. The Application Deadline is September 14, 2023.

c) A workshop regarding 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 was held on June 21, 2023 and the RFA was issued on July 19, 2023. The Application Deadline is August 8, 2023.

2. Live Local Act Updates

a) A conceptual workshop regarding the creation of SAIL Financing for Innovative Multifamily Development Opportunities Pursuant to the Live Local Act – Section 420.50871, F.S., was held on June 20, 2023.

b) A conceptual workshop regarding the creation of the Live Local Corporate Tax Credit Program – Section 420.5087(2), F.S., was held June 22, 2023.

c) A workshop regarding the various tax incentives, including the Multifamily Middle Market Certification program, authorized by the Live Local Act was held on July 11, 2023.

3. Rule Development Update

a) Rule Development for 2023 has concluded. Rule Chapters 67-21 and 67-48, F.A.C. were effective as of June 28, 2023.

VII. MULTIFAMILY PROGRAMS

A. The developments listed below have requested approval to allow one subcontractor to exceed the 20%/31% limitation:

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

a) On March 12, 2021, the Board delegated authority to staff to approve the 20%/31% subcontractor limitation set forth in Rule Chapters 67-48.0072(17)(g) (2018), 67-21.014(2)(r)7 (2018) and 67-21.026(13)(f) (2018) and as stated below, respectively:

(17) The General Contractor must meet the following conditions:

(g) Ensure that not more than 20 percent of the construction cost is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-48.002(5), F.A.C., except that the term "Applicant' therein shall mean "subcontractor";

(13) The General Contractor must meet the following conditions:

b) (f) Ensure that not more than 20 percent of the construction cost is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-21.002(5), F.A.C., except that the term "Applicant' therein shall mean "subcontractor";

Development	Application Number	Dollar Amount of Contract	Percentage of Contract
Centennial Towers	2019-126C	$3,012,270	20.89%
Solimar	2018-540C	$6,213,617	24.36%
Sunset Pointe II	2018-538C	$2,788,866	24.32%

B. Innovare (RFA 2020-103 / 2020-478CSN) Request for Approval of Additional Subordinate Debt:

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

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the Rule in place at the time of the Application, Rule Chapter 67-48.010(15), F.A.C. (effective July 11, 2019) stated:

(15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

c) On February 6, 2023, staff received an update to the final credit underwriting report with a positive recommendation for additional subordinate debt (Exhibit A). Staff has reviewed this report and finds that it meets all requirements of the RFA.

C. The following developments have requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs.

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

a) Liberty Village / RFA 2014-107 / 2014-398CS / 2015-279CS: The borrower has requested to change the Optional Green Building/Energy Efficiency items from

"Photovoltaic panels used to produce renewable electricity" to "Solar Powered Landscaping Lights" The scoring of the application will remain unaffected.

b) Staff will amend the Land Use Restriction Agreement (LURA) and Extended Low-Income Housing Agreement (EUA) for the development as appropriate.

2. **Background/Present Situation**

a) Renaissance Preserve Senior / 2007 Universal Cycle / 2007-147S / 2008-525C: The borrower has requested to change the following:

LURA: Section C.2. - "Tight-napped Berber-type carpet" to "Tight-napped Berber-type carpet or Luxury Vinal Plank (LVP) flooring"

EUA: Section E.2. - "Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both" to "Tight-napped Berber-type carpet or Luxury Vinal Plank (LVP) flooring"

The scoring of the application will remain unaffected.

b) Staff will amend the Land Use Restriction Agreement (LURA) and Extended Low-Income Housing Agreement (EUA) for the development as appropriate.

D. Seven on Seventh (RFA 2019-106 / 2019-371CS / 2020-496CS) Request for Approval of Additional Subordinate Debt:

1. **Background/Present Situation**

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended, and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the Rule in place at the time of the Application, Rule Chapter 67-48.010(15), F.A.C. (effective July 8, 2018) stated:

(15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

c) On June 15, 2023, staff received an update to the final credit underwriting report with a positive recommendation for additional subordinate debt (Exhibit B).

Staff has reviewed this report and finds that it meets all requirements of the RFA.

E. The following developments will receive changes to their Extended Use Agreements.

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

a) On June 19, 2023, Florida Housing updated Average Income language in the Extended Use Agreement based on new guidance issued by the IRS. The new guidance allows an owner to change the income bands throughout the extended use period as long as the overall average AMI is at 60% or below.

b) Staff will amend the Extended Use Agreements for the developments listed below:

Development Name	Application Number
Caroline Arms	2016-547C
Citrus Square	2016-517C
Amelia Court at Creative Village II	2019-106C
Liberty Square I	2018-520C
Palms at Town Center	2016-566C
Ambar Key Homes	2016-564C
Ambar Key	2016-563C
St. Elizabeth Gardens	2017-181C
Central Landings at Town Center	2019-522C
Verbena	2017-161C/2018-355C
Central Landings at Town Center Senior Living	2019-521C
Redland Crossings	2016-562C
Monaco Arms I & II	2018-515C
Silver Creek	2017-156C/2019-429C
Casa Devon	2019-507C
Royal Palm Gardens - Fort Myers	2019-513C
Parc Hill Senior Living	2019-524C
Parc Hill Apartment Homes	2019-523C
Gallery at River Parc	2019-504C
Four Freedoms House	2019-527C
Lake Sumter Reserve	2019-505C
Lake Sumter Reserve Senior Living	2019-506C
Water's Edge	2016-580C
Liberty Square II	2018-513C
Enclave at Alafaya	2019-529C
Venue at Viera Senior Living	2019-528C
Arbours at Hester Lake	2018-197C
St. Andrew Tower I	2018-069C

Residences at Marathon Key	2018-305CS
Residences at Crystal Cove	2018-306CS
Clyde Morris Landings	2019-530C
Clyde Morris Senior Living	2019-531C
Oaks at Lakeside	2018-256C
Lofts at Brooklyn	2019-121C
Village View	2018-303C/2019-370C/2020-445C
Quarry III	2019-395CS
Promenade at Grande Park	2019-364C
Lakeview Tower	2020-505C
Liberty Square III	2018-527C
Baptist Terrace	2020-501C
Boulevard Tower 2	2018-529C
Lofts at Murray Hill	2020-372C
Sandpiper Place	2019-316C
Max's Landing	2018-102C/2020-443C
Mosaico	2020-503C
Boulevard Tower 3	2019-116C
Boulevard Tower 4 and Boulevard Villas	2020-515C
Springfield Crossings	2018-533C
Landon Preserve	2019-541C
Kelsey Cove	2021-021C
Gallery on the River	2019-533C
Heron Estates Family	2018-539C
SkyWay Lofts	2019-114C
St. Andrews Residences	2021-502C
Brisas del Este II	2018-534C
Sunset Pointe II	2018-538C
Solimar	2018-540C
Lincoln Gardens	2020-513C
Edison Place	2016-582C

VIII. NATURAL DISASTER UPDATES

A. Hurricane Ian

1. Background/Present Situation:

a) Florida Housing had 1,056 developments with 6,833 buildings comprised of 12,196 units in our portfolio located in the 26 counties declared a major disaster due to Hurricane Ian.

b) Of the eighteen (18) developments that reported catastrophic, extensive and moderate damage, there are eight (8) developments with work to be completed. Those developments have a total of 91 displaced households as of 6/15/2023.

c) A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Ian and have not completed all repair work is attached as Exhibit A.

B. Hurricane Michael

1. Background/ Present Situation:

a) On October 10, 2018, Hurricane Michael made landfall in Northwest Florida as a Category 5 hurricane, destroying homes and businesses, and forcing families to look for new places to live and work. The Florida Legislature appropriated $50 million to the Rental Recovery Loan Program (RRLP). RRLP Requests for Applications (RFA) 2019-111 was issued August 1, 2019 and the Board approved awards to seven (7) developments allocating over $53 million. In addition, the Board authorized staff to issue RFA 2019-109 and approved funding for seven (7) developments allocating more than $30 million of Home Investment Partnerships Program funding.

b) The current status of Hurricane Michael related RFAs and developments awarded funding through those RFAs is attached as Exhibit B.

C. Hurricane Eta

1. Background/Present Situation:

a) Damage reports received indicated limited to moderate damage to roofs and windows combined with limited landscape damage. Of the 34 properties that sustained damage, 33 have completed all repair work as of December 31, 2021. Thirty (30) households were displaced due to flooding at Glorieta Gardens in Opa-Locka, Miami-Dade County. As of June 15, 2023, management reported one (1) unit remained out of service.

b) A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA and have not completed all repair work is attached as Exhibit C.

IX. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Program

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

a) Florida Housing's Homebuyer Loan Programs provide assistance to eligible homebuyers by offering low-cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance (DPA). Currently, we have four active first mortgage programs; the Florida First Government Loan Program (Government Loan Program), the Fannie Mae HFA Preferred Conventional Loan Program (HFA Preferred), the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage), the Florida Hometown Heroes Housing Loan Program (Hometown Heroes).

b) The Government Loan Program offers borrowers a 30-year, fixed-rate mortgage using all approved government-insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and U.S. Department of Agriculture-Rural Development (RD) loans. This program is funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage-Backed Securities (MBS) into the secondary markets.

c) The HFA Preferred and HFA Advantage programs offer first mortgage loan products developed specifically for state housing finance agencies. These programs are offered both as bond financed products as well as forward delivery "To Be Announced" (TBA) products in conjunction with our TBA Program administrator, Hilltop Securities. Single Family Program Staff sets daily mortgage interest rates for the TBA loans based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers 30-year, fixed rate mortgages.

d) Borrowers at or below 80% of the area median income (AMI) benefit from lower mortgage insurance costs on these loans when compared to other conventional mortgage products, as well as similar government-insured loans such as FHA

e) The Hometown Heroes Loan Program (HTH), was launched June 1, 2022. The Florida Legislature appropriated $100 million in the 2022 state budget to be used as a revolving source of funds to make homeownership more affordable by providing down payment and closing cost assistance to income-qualified, first-time homebuyers who are frontline community workers. Eligible borrowers can receive up to 5% of their first mortgage loan amount (a maximum of $25,000) in assistance to help them purchase a primary residence in the community in which they work and serve. The 30-year, 0% interest, deferred repayment second mortgage is combined with one of Florida Housing's Homebuyer Loan Program's low interest rate first mortgage loans. This initial amount of funding has allowed us to assist over 6,700 borrowers. As of June 9, 2023, the funds were fully committed. We had a pipeline of 6,753 loans totaling over $2.01 billion in first mortgage loan volume, paired with $100 million of down payment and closing cost assistance. The Live Local Act was signed into law on Wednesday, March 29th, 2023, by Governor DeSantis. It provides an additional $100 million in funding to the HTH Loan Program. The new changes will take effect with new reservations made on or after July 3rd, 2023. We have conducted several trainings to over 2,500 of our Lenders and 1,600 Real Estate Partners just as we did when the program was originally launched.

f) Florida Housing offers qualified homebuyers DPA in the form of a second mortgage loan in conjunction with our first mortgage loan programs. Our Florida Assist loan is a 0% interest, non-amortizing, deferred payment loan in the amount of $10,000. This second mortgage program serves homebuyers with an AMI of up to 120%, adjusted for household size. It is repayable in the event the home is sold, refinanced, deed is transferred, or the home is no longer the borrower's primary residence.

g) The HFA Preferred PLUS and the HFA Advantage PLUS programs offer 3%, 4% and 5% of the loan amount in DPA as forgivable second mortgage loans. These loans are forgiven 20% annually over a 5-year period unless the home is sold, refinanced, deed transferred, or is no longer the borrower's primary residence. If any of these actions occur prior to the 5-year forgiveness period, any unforgiven balance becomes due and payable.

h) We also offer an amortizing second mortgage product, the Homebuyer Loan Program (HLP) Second Mortgage. This product is offered across all our first mortgage programs and provides up to $10,000 of assistance at a 3% fixed interest rate and is repaid in monthly payments over 15 years.

i) Single Family Program Staff continually offers a three-hour, Department of Business and Professional Regulation (DBPR)-approved continuing education (CE) course for realtors. This course is coordinated through local realtor boards throughout the state. Realtors who attend these classes receive a general three-hour CE credit while learning about our Homebuyer Loan Programs and other affordable housing programs available to their potential homebuyers. Florida Housing has permanent approval from DBPR to offer the class via webinar (online) format. We have found this format to be highly effective in attracting more realtors to the classes while eliminating travel costs entirely. For 2023, we have changed how we offer these classes. Instead of offering individual classes to specific realtor boards as we have in the past, we are now contacting all boards and making them aware that we are offering these classes statewide twice each month. So far, we are seeing this both effective in reaching our realtor partners while freeing up staff time to devote to program support and lender management. Since our June Board Report, we have conducted two classes using this format that were attended by 150 realtors.

j) Single Family Program Staff periodically conducts telephonic and webinar trainings for lender partners throughout the state. Lender trainings generally consist of program requirements and recent updates, system training with our compliance administrator (eHousingPlus) and first mortgage and servicer requirements and updates with our master servicer, Lakeview. Together, Florida Housing, eHousingPlus and Lakeview will provide lenders with information to better assist with the origination, delivery, and purchase of first and second mortgages originated through our Homebuyer Loan Program.

k) Additionally, we partner with other stakeholders such as mortgage insurance (MI) providers and the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, to better educate and inform our Participating Lenders of recent industry changes.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

2023 HOMEBUYER LOAN PROGRAMS ORIGINATIONS

	2022 HLP Program Totals	2023 HLP Program Totals	2023 HLP Government Loan Programs Totals	2023 HLP Conventional Loan Programs Totals
Average 1st Mortgage Loan Amount	$249,693	$277,545	$281,150	$269,669
Average Acquisition Price	$259,042	$291,526	$290,402	$293,980
Average Compliance Income	$68,916	$79,440	$79,510	$79,288
County Area Median Income %	70%	72%	71%	75%
Total Purchased 1st Mortgage Loan Amounts	$1,378,488,464	$1,296,970,002	$901,390,179	$395,579,823
Total # of Units	5,533	4,649	3,210	1,469

2023 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount	DPA
Duval	414	$99,388,936.48	$4,968,413.00
Hillsborough	297	$89,857,909.14	$4,250,950.00
Broward	296	$101,837,327.70	$4,970,694.00
Polk	257	$66,993,067.62	$3,157,084.00
Pasco	237	$62,026,802.19	$2,979,364.00
Miami-Dade	211	$79,715,002.61	$3,900,513.00
Lee	205	$61,195,703.93	$2,871,214.00
Volusia	205	$55,166,964.98	$2,657,764.00
Orange	198	$58,201,245.36	$2,822,041.00
Palm Beach	188	$57,524,288.44	$2,850,599.00

SELTZER MANAGEMENT GROUP, INC.

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June 22, 2023

Ms. Nicole Gibson
Federal Loans Programs Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Monroe County Scattered Sites – CDBG RFA 2019-101 (2020-004D)

Credit Underwriting Report Update Letter ("CUR Updated Letter") – Changes to the Final CUR dated October 20, 2022, to approve additional subordinate debt from Monroe County for a SHIP loan of $440,000 and subordination of the loan to the Community Development Block Grant – Disaster Recovery ("CDBG-DR") Loan

Dear Ms. Gibson:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") is in receipt of correspondence from Monroe County Housing Authority ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") consent to the addition of a Monroe County SHIP subordinate loan for the above referenced transaction. The Monroe County SHIP loan will be subordinate to the CDBG-DR Loan. At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer's findings are presented below.

The CUR for the above referenced transaction was approved at Florida Housing's October 28, 2022, Board meeting. The Monroe County SHIP subordinate construction/permanent loan provided by Monroe County is in the aggregate amount of $440,000, made up of two $220,000 notes.

Seltzer has been provided Draft Mortgage and Notes for this additional financing. The financing shall be non-amortizing with a 0% interest rate over a 15-year term, and if the rental units constructed are continuously occupied exclusively by "Low-Income Persons" and "Very Low-Income Persons" who may also be "Persons Who Have Special Housing Needs" and the Borrower maintains the property as required by the Land Use Restriction Agreement ("LURA"), the mortgage will be forgiven upon maturity.

<u>Financing Sources</u>

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	FHFC - CDBG-DR	$7,099,048	$7,099,048.00	$7,099,048.00	0.00%	N/A	20	$0
Grant	Monroe County	$2,000,000	$2,000,000.00	$2,000,000.00	0.00%	N/A		$0
Second Mortgage	Monroe County SHIP	$0	$440,000.00	$440,000.00	0.00%	N/A	15	$0
Def. Developer Fee	Developer	$0	$0.00	$0.00				
Total		**$9,099,048**	**$9,539,048.00**	**$9,539,048.00**				**$0**

Please note the Applicant column is based on Seltzer's Final Sources and Uses / Construction Draw Schedule as approved for closing on June 15, 2023.

Notes to Financing:

- As stated above, the Borrower has been awarded an additional $440,000 in Monroe County SHIP funds to help pay for additional increases in construction and general development costs.

Ms. Nicole Gibson
Monroe County Scattered Sites
June 22, 2023

- Deferred Developer Fee has decreased from $900 to $0 as a result of the increase in the Monroe County Grant funds as noted in the Final Closing Letter dated June 14, 2023, submitted to Florida Housing and the addition of the $440,000 in Monroe County SHIP funds being offset by increases in construction and general development costs. Per the Final Sources and Uses / Construction Draw Schedule approved for the FHFC closing on June 15, 2023, no Developer Fee is being drawn until completion; therefore, there are additional funds to defer in the case of further cost increases.

Total Development Costs

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR
TOTAL DEVELOPMENT COSTS:	$9,099,047.60	$9,539,048.00	$9,539,048.00

Please note that the Applicant Cost Column is based on Seltzer's Final Sources and Uses / Construction Draw Schedule as approved for closing on June 15, 2023.

Notes to Total Development Costs:

- Total Development Costs have increased from $9,099,047.60 at closing to $9,539,048.00, an increase of $440,000.40.
- New Rental Unit costs increased based on a Request for Change Order 3.5 issued by Pedro Falcon Contractors, Inc. dated June 6, 2023. There was an associated increase in General Conditions, Profit and P&P Bonds in connection with the material cost increases.
- Developer Fee also increased from $302,031.00 at closing to $423,031.26, an increase of $121,000.26.

Operating Pro Forma

Notes to the Operating Pro Forma and Ratios:

- There are no changes to the operating pro forma as the addition of the Monroe County SHIP funds does not increase the amount of debt service nor are there any set-aside requirements other than the CDBG-DR funding.

Conclusion

SMG concludes that the additional subordinate debt of Monroe County SHIP funding in the amount of $440,000 will not adversely impact the transaction and/or Florida Housing's security position. Accordingly, SMG recommends that FHFC approve the additional subordinate debt and subordination of the loan to the CDBG-DR Loan, subject to the following:

- All other due diligence required by FHFC, its Legal Counsel and Servicer.

Should you have any questions please feel free to contact me directly.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

Brian Barth
Senior Credit Underwriter

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the five months ending May 2023

The budget to actual analysis for the five months ending May 2023 shows a net of revenues over expenses in the amount of $3,113,380. Variances of note compared to the budget are as follows:

REVENUES

Investment Income (Line 1) is over budget by $775,649. The budget was based on prior year average performance and a conservative projection of current year performance. Returns have been greater than expected.

Other Income (Line 4) is $216,926 over budget due to the timing of the transfer of receipts for SF TBA late fees collected.

SALARIES & BENEFITS

Total Salaries & Benefits are favorable to the budget by $426,836 primarily due to a vacancy rate greater than budgeted.

OPERATING EXPENSES

Capital Expenses (Line 5) are under budget by $114,500 due to the timing of planned purchases of computer software.

Furniture, Equipment & Computer Expenses (Line 6) are under budget by $98,440 due to the timing of renewals of various software licenses and purchases of computer equipment.

Conferences & Seminars (Line 7) are $55,421 under budget due to the timing of planned conferences, schedule conflicts, and efforts to control operating expenses.

Legal Fees (Line 10) are $133,023 under budget due to fewer hearings and less than anticipated use of outside counsel primarily in the Multifamily programs, as well as the timing of fees incurred for closings in the HOME Rental, NHTF and CBDG-DR programs.

Professional Fees (Line 15) are $111,372 over budget primarily due to disaster intervention activities in the Housing Locator related to Hurricane Ian that were not budgeted. These additional services were phased out by the end of March.

Program Administration (Line 16) is $513,705 under budget primarily due to the timing of compliance monitoring and credit underwriting fees in various multifamily programs.

Systems Maintenance, Support and Services (Line 19) are $58,068 under budget primarily due to timing of planned maintenance on various hardware and software components.

Total Operating Expenses year-to-date are favorable to the budget by $1,027,790.

FLORIDA HOUSING FINANCE CORPORATION
OPERATING BUDGET TO ACTUAL SUMMARY
PERIOD ENDING May 31, 2023

	2023 BUDGET YTD	2023 ACTUAL YTD	2023 VARIANCE YTD	2023 APPROVED ANNUAL BUDGET
REVENUES				
1. Investment Income	1,595,000	2,370,649	775,649	3,828,000
2. Program Fees	6,853,865	6,943,799	89,934	16,799,285
3. Administrative Fees	4,438,410	4,459,783	21,373	80,000
4. Other Income	33,335	250,261	216,926	11,950,824
TOTAL REVENUES	**12,920,610**	**14,024,492**	**1,103,882**	**32,658,109**
EXPENSES				
SALARIES & BENEFITS				
1. Salaries & Benefits	7,292,015	6,865,179	426,836	18,385,000
TOTAL SALARIES & BENEFITS	**7,292,015**	**6,865,179**	**426,836**	**18,385,000**
OPERATING EXPENSES				
1. Advertising, Marketing & Public Outreach	51,732	25,588	26,144	96,015
2. Bank Charges & Other Fees	22,386	12,165	10,221	52,444
3. Board Meetings	31,040	35,709	(4,669)	79,140
4. Books & Subscriptions	35,799	24,512	11,287	67,720
5. Capital Expenses	157,000	42,500	114,500	325,000
6. Furniture, Equipment & Computer Expenses	269,300	170,860	98,440	780,750
7. Conferences & Seminars	81,380	25,959	55,421	198,358
8. Corporate Insurance	290,000	285,292	4,708	307,550
9. General & Administrative Expenses	9,223	5,920	3,303	18,274
10. Legal Fees	195,276	62,253	133,023	695,102
11. Membership Dues	13,356	5,027	8,329	85,434
12. Office Supplies	7,194	3,486	3,708	13,916
13. Postage	9,583	4,695	4,888	23,532
14. Printing & Reproduction	6,300	6,571	(271)	16,225
15. Professional Fees	786,031	897,403	(111,372)	1,996,904
16. Program Administration	2,164,966	1,651,261	513,705	7,205,192
17. Rent	341,610	341,553	57	833,638
18. Repair & Maintenance	3,160	716	2,444	7,150
19. Systems Maintenance, Support and Services	269,600	211,532	58,068	412,630
20. Telephone	36,620	34,315	2,305	90,144
21. Travel - Board Members	24,760	16,729	8,031	63,730
22. Travel - Staff to Board Meetings	9,461	14,712	(5,251)	49,251
23. Travel - Reviews/Monitoring	8,408	2,377	6,031	31,595
24. Travel - FHFC Workshops	5,743	1,455	4,288	16,589
25. Travel - Staff Development	68,969	43,824	25,145	273,202
26. Travel - Marketing/Public Outreach	5,960	3,430	2,530	53,204
27. Travel - Other	5,316	1,484	3,832	17,494
28. Workshops	163,550	114,605	48,945	316,250
TOTAL OPERATING EXPENSES	**5,073,723**	**4,045,933**	**1,027,790**	**14,126,433**
TOTAL EXPENSES	**12,365,738**	**10,911,112**	**1,454,626**	**32,511,433**
REVENUES OVER EXPENSES	**554,872**	**3,113,380**	**2,558,508**	**146,676**

Guarantee Program Portfolio

(as of June 30, 2023)

	Property Name / Location	Developer	Issuer / Closing Date	Total Units	1st Mortgage Current Bal.	1st Mortgage Debt/Unit	HUD Risk-Share?	GF exposure ($) share of mtg guarantee	SAIL	SMI	SAIL ELI	Projected refinance closing date	Comments / Refi Status
1)	**Vista Palms** Lehigh Acres	Creative Choice	Lee Cnty 6/20/2001	229	$4,825,936	$21,074	N	$4,825,936	$2,000,000	$392,788	$3,450,000		July 2013: initiated contact with borrower re: refinancing. Oct 2016: borrower selling property, negotiating contract, advised borrower of requisite FHFC approval for SAIL/SAIL ELI subordination, SMI pay-off, etc. Jan 2017: Borrower meeting with buyer to revise timeline. Aug 2017: appraisal and DSC issues; closing postponed. Dec 2017: closing postponed. October 2018: possibly closing 1st qtr 2019. Borrower hopes to be on the December Lee County HFA meeting to vote on bond issuance for the refinance. November 2018: Credit underwriter has been assigned. Lee County will not have bond allocation until 2019. Operating proformas and letters of interest from lender and syndicators submitted by borrowers are stale. Jan 2019: Underwriters had a status call with borrower 12/11/18 but have not received any due diligence items since that call. 3/6/19 Lee County commissioners postponed approval of the TEFRA Hearing for their bond issuance. May 2019: The borrower submitted a letter of intent for a Key Bank/Fannie Mae financing structure. The Credit Underwriter is reviewing the due diligence items that have been submitted but there remains a great deal of information still outstanding. July 2019: Some of the due diligence items have been submitted. Updated due diligence list was sent to Creative Choice on 10/16. No updated items have been received. June 2020: Borrower anticipates selling or refinancing the development within the next year. September 2020, Received a letter of intent from a potential purchaser for the property. Requested follow up information but have not received. We presume the potential purchaser is no longer interested. February 2021: Special Assets had conference call with potential purchaser, owner representative and bond counsel regarding potential purchase to take place by 3rd quarter of 2021. July 2021: The potential purchaser contacted the county for local bonds for the acquisition of Vista Palms but has not submitted an application. Sept 2021: The potential purchaser communicated that he was still interested in acquiring Vista Palms but has not taken any affirmative steps in that direction. Nov. 2021: The potential purchaser has not taken any affirmative steps towards the purchase of Vista Palms. As of 12/23/2021, the potential purchaser advised they had submitted a tax-exempt bond application to Lee County HFA for the financing of the potential acquisition. As of Feb 2022, the Lee County HFA bond application was received and reviewed. By letter dated 3/8/22, Lee County advised the potential purchaser that they are deferring any further review of the application for bond financing due to the development having matured SAIL and SMI loans, Glorieta Gardens' outstanding physical deficiencies as well as other issues. On 6/2/2022, Lee County, the underwriter and special assets had a call with the proposed purchaser and parties representing the owner. The proposed purchaser will be submitting a revised tax-exempt bond application to Lee County HFA. The potential purchaser informed FHFC that he would not be submitting an application to Lee County but would submit a non-competitive (NC) bond application to Florida Housing for the acquisition/rehabilitation of Vista Palms. A check for the application and TEFRA fees was received 10/12/2022. The NC bond application was received 10/18/2022. Nov 2022: NC bond application was under review. Jan 2023: Program staff informed the applicant of needed corrections to cure the application. Feb 2023: Staff has reviewed corrections submitted by the Applicant and relayed comments, however, more corrections are still required to cure the application. Mar 2023: Staff reviewed corrections submitted by the Applicant and relayed comments, however, more corrections are still required to cure the application and that information has been relayed to the applicant. Staff received a 3rd revised application on 4/7/2023 and relayed comments on 4/14/2023 regarding the corrections that are required. May 2023: On 5/15/2023, Staff received responses to the comments provided on 4/14/2023, however, more corrections are required to cure the application and staff relayed outstanding issues to the Applicant on 5/22/2023. After receiving questions from applicant and staff responses, received revised applications on 6/1/2023, 6/14/23 and 6/28/23. Staff anticipates furnishing comments on most recent revision 7/7/2023.
							GF Total Commitments:	**$4,825,936**					

SELTZER MANAGEMENT GROUP, INC.

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June 23, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: Heron Estates Family – MMRB 2020 Series Q / SAIL, ELI, & NHTF RFA 2018-116 (2019-147BSN) / 4% HC 2018-539C
CUR Update Letter – Proposed Increase in Existing Permanent First Mortgage Loan

Dear Mr. Kennedy:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") is in receipt of correspondence dated March 6, 2023, from HTG Heron Estates Family, LLC ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") consent to an increase in the existing first mortgage permanent loan amount for the above referenced transaction. At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer's findings are presented below.

The credit underwriting report ("CUR"), dated July 7, 2020, for the above referenced development was approved at the July 17, 2020 FHFC Board meeting and closed on October 7, 2020. The Borrower requests that FHFC consent to an increase in the permanent first mortgage loan provided by JPMorgan Chase Bank, N.A. ("Chase Bank") from $6,300,000 to $6,900,000 for a difference of $600,000. The CUR and SMG's Closing Letter dated October 7, 2020 contemplated a permanent first mortgage loan in the amount of $6,300,000. The paydown on the outstanding tax-exempt loan issued by FHFC at conversion will be reduced by $600,000.

The increase to the permanent first mortgage loan is based on terms contained within the April 24, 2023, Letter of Interest from Chase Bank that allows the loan amount be increased beyond the rate locked maximum funding loan by an amount that does not exceed $6,900,000.

The terms and conditions of the permanent first mortgage loan will remain consistent with terms as described in the CUR. The CUR contemplated an interest rate of 3.20%. However, the fixed interest rate was locked at closing at 3.45%, which remains. The term of the loan is 15 years amortized over a 35-year period, with a maturity date of April 7, 2038. The additional $600,000 will have an interest rate that is blended and will be locked at closing. The current indicative blended rate is 3.45% plus 25 bps, for a rate of 3.7%with the same loan terms.

The annual MMRB Issuer Fees, Trustee Fees, Permanent Loan Servicing Fees, and Compliance Monitoring Fees are reflected in the operating pro forma. Conversion requirements include confirmation that all labor and materials for which disbursements have been requested have been incorporated into the Improvements or suitably stored upon the Mortgaged Property in accordance with reasonable and standard building practices, the Continuing Covenant Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Mortgaged Property. In addition, the materials, supplies and equipment furnished or installed for the Repairs cannot be subject

Mr. Tim Kennedy
Heron Estates Family
June 23, 2023

to any Lien or security interest or funds to be disbursed pursuant to this Disbursement Request cannot be used to satisfy any such Lien or security interest.

Revised Permanent Financing Sources

Please note that in the following table, the Applicant column reflects the Permanent Financing Sources as reflected in the Closing Letter.

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	FHFC - MMRB / Chase	$6,300,000	$6,900,000	$6,900,000	3.45%	35	15	$339,810
Second Mortgage	FHFC - SAIL	$5,500,000	$5,500,000	$5,500,000	1.00%	N/A	15	$55,000
Third Mortgage	FHFC - ELI	$600,000	$600,000	$600,000	0.00%	N/A	15	$0
Fourth Mortgage	FHFC - NHTF	$1,435,800	$1,435,800	$1,435,800	0.00%	N/A	30	$0
Fifth Mortgage	Palm Beach County - HOME	$500,000	$500,000	$500,000	1.00%	30	30	$5,000
HC Equity	Balogh Opportunity Fund, LLC	$6,972,571	$7,272,571	$6,972,572				
Def. Developer Fee	HTG Heron Estates Family Developer / Heron Estates Developer One	$62,832	$980,012	$1,285,321				
Total		**$21,371,203**	**$23,188,383**	**$23,193,693**				**$399,810**

Changes to the Sources:

1. Total Development Costs and Uses have increased $1,822,490 from $21,371,203 to $23,193,693, mainly due to increases in hard costs.
2. Deferred Developer Fee has increased by $1,222,489 from $62,832 to $1,285,321, due to the increase of $1,822,490 in the development budget.

Seltzer is in receipt of an appraisal from Apprise By Walker & Dunlop ("Apprise") dated March 27, 2023. Apprise indicated Heron Estates Family is achieving 2022 Maximum Allowable HC Rents.

A rent roll for the Development is illustrated in the following table:

West Palm Beach-Boca Raton HMFA; / Palm Beach 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	1	614	22%			$379	$104	$275		$264	$275	$275	$3,300
1	1.0	3	614	30%			$517	$104	$413		$396	$413	$413	$14,868
1	1.0	6	614	60%			$1,035	$104	$931		$890	$931	$931	$67,032
1	1.0	9	614	70%			$1,207	$104	$1,103		$1,055	$1,103	$1,103	$119,124
2	2.0	1	878	22%			$455	$128	$327		$325	$327	$327	$3,924
2	2.0	1	878	30%			$621	$128	$493		$483	$493	$493	$5,916
2	2.0	1	878	60%			$1,242	$128	$1,114		$1,076	$1,114	$1,114	$13,368
2	2.0	3	878	70%			$1,449	$128	$1,321		$1,274	$1,321	$1,321	$47,556
2	2.5	2	829	22%			$455	$117	$338		$325	$338	$338	$8,112
2	2.5	5	829	30%			$621	$117	$504		$483	$504	$504	$30,240
2	2.5	12	829	60%			$1,242	$117	$1,125		$1,076	$1,125	$1,125	$162,000
2	2.5	15	829	70%			$1,449	$117	$1,332		$1,274	$1,332	$1,332	$239,760
3	2.0	1	1,055	22%			$526	$142	$384		$381	$384	$384	$4,608
3	2.0	1	1,055	70%			$1,674	$142	$1,532		$1,477	$1,532	$1,532	$18,384
3	2.5	1	1,164	22%			$526	$135	$391		$381	$391	$391	$4,692
3	2.5	3	1,164	30%			$717	$135	$582		$564	$582	$582	$20,952
3	2.5	6	1,164	60%			$1,435	$135	$1,300		$1,249	$1,300	$1,300	$93,600
3	2.5	8	1,164	70%			$1,674	$135	$1,539		$1,477	$1,539	$1,539	$147,744
		79	68,182											$1,005,180

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Operating Pro forma

OPERATING PRO FORMA				ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income			$1,005,180	$12,724
	Other Income:				
		Miscellaneous		$64,400	$815
		Washer/Dryer Rentals		$46,610	$590
	Gross Potential Income			$1,116,190	$14,129
	Less:				
		Physical Vacancy Loss - Percentage:	5.0%	($55,810)	($706)
		Collection Loss - Percentage:	1.0%	($11,162)	($141)
Total Effective Gross Revenue				$1,049,219	$13,281
EXPENSES	Fixed:				
		Real Estate Taxes		$1,975	$25
		Insurance		$153,339	$1,941
		Other: Personal Property Taxes		$0	$0
	Variable:				
		Management Fee - Percentage:	4.9%	$51,017	$646
		General and Administrative		$39,500	$500
		Payroll Expenses		$108,372	$1,372
		Utilities		$78,210	$990
		Marketing and Advertising		$1,975	$25
		Maintenance and Repairs		$27,650	$350
		Grounds Maintenance and Landscaping		$21,330	$270
		Contract Services		$15,800	$200
	Reserve for Replacements			$23,700	$300
Total Expenses				$522,868	$6,619
Net Operating Income				$526,351	$6,663
Debt Service Payments					
DEBT SERVICE		First Mortgage - FHFC - MMRB / Chase		$339,810	$4,301
		Second Mortgage - FHFC - SAIL		$55,000	$696
		Third Mortgage - FHFC - ELI		$0	$0
		Fourth Mortgage - FHFC - NHTF		$0	$0
		Fifth Mortgage - Palm Beach County - HOME		$5,000	$63
		First Mortgage Fees - FHFC - MMRB / Chase		$26,892	$340
		Second Mortgage Fees - FHFC - SAIL		$11,429	$145
		Third Mortgage Fees - FHFC - ELI		$3,581	$45
		Fourth Mortgage Fees - FHFC - NHTF		$4,543	$58
		Fifth Mortgage Fees - Palm Beach County - HOME		$2,000	$25
Total Debt Service Payments				$448,255	$5,674
Cash Flow After Debt Service				$78,095	$989

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Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.435
DSC - Second Mortgage plus Fees	1.215
DSC - Third Mortgage plus Fees	1.205
DSC - Fourth Mortgage plus Fees	1.193
DSC - Fifth Mortgage plus Fees	1.174
DSC - All Mortgages and Fees	1.174
Financial Ratios	
Operating Expense Ratio	49.8%
Break-Even Ratio	87.3%

Notes to the Operating Pro Forma and Ratios:

1. The First Mortgage plus Fees Debt Service Coverage ("DSC") ratio in the CUR decreased from 1.520x to 1.435x to 1.00. The DSC for the first mortgage and second mortgage SAIL decreased from 1.262x to 1.215x to 1.00 due to the increased loan amount.
2. Real estate tax expense is based on the Applicants' estimate.
3. Other operating expense estimates are based on comparable properties and are supported by the appraisal.

Conclusion

SMG concludes that the increase to the existing Chase Bank permanent first mortgage to a maximum amount of $6,900,000 will not adversely impact the transaction and/or FHFC's security position. Accordingly, SMG provides this analysis for FHFC's consideration to approve the Borrower's request, subject to the following:

- Review and approval of all loan documents consistent with the terms outlined above by FHFC Housing, it's Legal Counsel and Servicer.
- 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 67-21.0025 (5) F.A.C. and 67- 48.0075 (5) F.A.C., of an Borrower or a Developer).
- Prepayment of any required compliance monitoring fees and servicing fees, as applicable.
- Payment of all costs and fees to Florida Housing, its Legal Counsel, and Servicer, as applicable.
- Consent of the HC equity provider, if applicable.
- Satisfactory resolution of any outstanding past due and/or noncompliance items.
- Any other due diligence required by FHFC, its legal counsel and Servicer.

Should you have any questions please feel free to contact me directly.

SELTZER MANAGEMENT GROUP, INC.

Justin Coles
Credit Underwriter

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

June 20, 2023

VIA EMAIL

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street
Tallahassee, Florida 32301

Re: Northside Transit Village III - MMRB 2023 Series B / CDBG-DR
RFA 2019-102 (2020-024BD) / CDBG-DR Viability / 4% HC 2019-566C

Credit Underwriting Report Update Letter ("CUR Update Letter") - Changes to the Final CUR dated April 21, 2022 ("CUR") and CUR Update Letter dated September 9, 2022 to approve additional subordinate debt from PHCD in the amount of $1,000,000 and subordination of the loan to the Multifamily Mortgage Revenue Bond ("MMRB") and Community Development Block Grant - Disaster Recovery ("CDBG-DR")/CDBG-DR Viability Loan

Dear Mr. Kennedy:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") is in receipt of email correspondence, dated March 2, 2023 that included a letter dated March 1, 2023 from the a representative of Northside Property III, Ltd. ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") consent to allow the additional subordinate debt of a $1,000,000 award from Miami-Dade County Public Housing and Community Development ("PHCD") through their Development Inflation Adjustment Fund/Development Relief Fund ("DIAF") for the above referenced transaction. The PHCD DIAF loan will be subordinate to the MMRB and CDBG-DR/CDBG-DR Viability Loan. PHCD advised the Borrower that the funds can be added to the current draft mortgage and other loan documents associated with the Surtax loan. However, a separate promissory note will be needed to document differences in terms and conditions.

At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer's findings are presented below.

<u>For purposes of this analysis, Seltzer reviewed the following due diligence:</u>

- RFA 2019-102
- Request for Additional Subordinate Debt from Borrower dated March 1, 2023.
- CUR dated April 21, 2022, approved at the April 29, 2022 FHFC Board meeting
- CUR Update Letter dated September 9, 2022, approved at the September 16, 2022 FHFC Board meeting
- A Notification Award Letter, dated January 20, 2023, from PHCD
- An email dated March 3, 2023 from PHCD detailing the terms of the DIAF award

Mr. Tim Kennedy
Northside Village Transit III
June 20, 2023

The Borrower correspondence requests $1,000,000 awarded through Miami-Dade's DIAF be added to the transaction based on the Award Letter dated January 20, 2023 from PHCD. The DIAF funds may only be used for construction costs only (not to be used for marketing or media). The term of the DIAF funding will align with the PHCD Surtax loan term of 41 years and 10 months. The interest rate will be zero percent (0%). No payments will be made prior to maturity. If the terms of the rental regulatory agreement are adhered to, PHCD may, in its sole and absolute discretion, forgive the entire principal balance and interest, if any, under this Note at maturity. The additional DIAF funding will have a subordinate mortgage position to all superior funding in the transaction.

Sources From CUR Update Letter dated September 9, 2022

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
FHFC - MMRB	FHFC MMRB / WF Bank HUD 221(d)(4)	$30,800,000	$10,700,000	$53,500.00
FHFC - CDBG-DR	FHFC CDBG-DR	$7,300,000	$7,300,000	$36,500.00
FHFC - Viability	FHFC Viability	$2,250,000	$2,250,000	$11,250.00
Local Government	PHCD Surtax	$6,000,000	$6,000,000	$30,000.00
Local Government	PHCD HOME	$2,000,000	$2,000,000	$10,000.00
HC Equity	Wells Fargo CLI	$6,455,106	$29,065,702	$145,328.51
Deferred Developer	NP III Dev LLC	$6,656,057	$4,145,461	$20,727.30
TOTAL		$61,461,163	$61,461,163	$307,305.81
Cash Collateral Source(s):				
Regulated Mortgage Lender	WF Bank HUD 221(d)(4)	$10,700,000		
Bridge Loan	Wells Fargo CLI	$20,100,000		
GRAND TOTAL		$92,261,163		

Source Changes Subsequent to the CUR Update Letter Dated September 9, 2022

- The Wells Fargo first mortgage permanent loan decreased by $95,000, from $10,700,000 to $10,605,000, and the interest rate decreased from 5.75% to a rate-locked interest rate as of November 3, 2022 of 5.13%. FHFC will issue tax-exempt MMRB in an amount up to $30,800,000 during construction that will be cash collateralized at all times. The construction and permanent first mortgage of $10,605,000 and a portion of the construction Bridge Loan, both from Wells Fargo, will fully collateralize the MMRB.
- The construction period Housing Credit ("HC") equity has decreased by $162,125, from $6,455,106 to $6,292,981 and the total amount of HC equity has increased by $938,449, from $29,065,702 to $30,004,151.

  Note: Housing Credit Equity Sources and Deferred Developer Fee Sources may change at Closing.
- The Applicant added a $1,000,000 award from PHCD through their DIAF. The addition of the PHCD DIAF funds does not negatively impact the debt service coverage as the loan has a zero (0%) interest rate, no payments, and is forgivable at maturity.
- The Wells Fargo Bank Bridge Loan increased by $900,000 from $20,100,000 to $21,000,000.
- The deferred Developer Fee increased by $134,461 from $6,656,057 to $6,791,518 during construction period and decreased by $65,113 from $4,145,461 to $4,080,348 during the permanent period.
- The Applicant added $25,000 in General Partner Equity.

Mr. Tim Kennedy
Northside Village Transit III
June 20, 2023

Construction and Permanent Sources are as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
FHFC - MMRB	FHFC MMRB / WF Bank HUD 221(d)(4)	$10,605,000	$10,605,000	$53,025.00
FHFC - CDBG-DR	FHFC CDBG-DR	$7,300,000	$7,300,000	$36,500.00
FHFC - Viability	FHFC Viability	$2,250,000	$2,250,000	$11,250.00
Local Government Subsidy	PHCD Surtax	$6,000,000	$6,000,000	$30,000.00
Local Government Subsidy	PHCD HOME	$2,000,000	$2,000,000	$10,000.00
Local Government Subsidy	PHCD DIAF	$1,000,000	$1,000,000	$5,000.00
Bridge Loan	Wells Fargo CLI	$21,000,000	$0	$0.00
HC Equity	Wells Fargo CLI	$6,292,981	$30,004,151	$150,020.76
Deferred Developer	NP III Dev LLC	$6,791,518	$4,080,348	$20,401.74
Other	GP Equity	$25,000	$25,000	$125.00
TOTAL		$63,264,499	$63,264,499	$316,322.49
Cash Collateral Source(s):				
Regulated Mortgage Lender	WF Bank HUD 221(d)(4)	$10,605,000		
Bridge Loan	Wells Fargo CLI	$20,195,000		
GRAND TOTAL		$94,064,499		

Other Changes:

- The Borrower request to change the legal description was approved by FHFC staff on June 6, 2023.
- The Borrower added $1,000,001 in Construction-related costs outside of the contract associated with Art in Public Places / Transit Improvements.
- The Borrower added General Development Costs associated with the HUD Inspection Fee and the HUD Exam Fee.

Mr. Tim Kennedy
Northside Village Transit III
June 20, 2023

Recommendation

SMG concludes that the additional subordinate debt of the PHCD DIAF funding of $1,000,000 will not adversely impact the transaction and would have otherwise been approved if it had been included as a funding source during the credit underwriting process. Accordingly, SMG provides this analysis for FHFC's consideration to approve the additional subordinate debt and subordination of the loan to the MMRB and CDBG-DR/CDBG-DR Viability Loan, subject to the following:

- Review and approval of all loan documents consistent with the terms outlined in the CUR, CUR Update Letter dated September 9, 2022, and this CUR Update Letter by FHFC, its Legal Counsel and Servicer.
- All of the closing conditions in the CUR and CUR Update Letter dated September 9, 2023 are to be met.
- All other due diligence required by FHFC, its Legal Counsel and Servicer.

Should you have any questions please feel free to contact me directly.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

Frank Sforza
Credit Underwriter II

June 21, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Culmer Apartments ("Development") – Multifamily Mortgage Revenue Bonds ("MMRB or "Bonds") 2023 Series C / State Apartment Incentive Loan ("SAIL"), SAIL Extremely Low-Income ("ELI"), and National housing Trust Fund Loan ("NHTF") RFA 2019-116 (2020-435BSN) / 4% Non-Competitive Housing Credits ("HC") 2019-572C / Invitation to Participate ("ITP") 2022-Construction Housing Inflation Response Program ("CHIRP")

Credit Underwriting Report Update Letter ("CUR Update Letter") – Changes to the Final CUR dated June 9, 2022 ("Final CUR") and SAIL CHIRP CUR Update Letter dated September 8, 2022 to approve an increase to the construction and permanent first mortgage loan amounts, increase to the Bridge Loan amount, the insertion of an Intermediary lender entity for the 6th and 7th mortgage loans, a change to the form of the 8th mortgage loan, and an increase in the Rental Assistance Demonstration ("RAD"), Project Based Voucher ("PBV") and 2022 LIHTC rents

Dear Mr. Kennedy:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNat® ("AmeriNat" or "Servicer") review correspondences from various parties as outlined in this CUR Update Letter requesting approval of the changes above. Specifically, AmeriNat has been requested to provide a recommendation for the above-referenced changes to the Final CUR that was approved at the June 17, 2022 FHFC Board meeting and SAIL CHIRP CUR Update Letter that was approved at the September 16, 2022 FHFC Board meeting. An analysis of the proposed changes follows below.

AmeriNat reviewed the requests, performed certain due diligence, and formulated a recommendation and closing conditions which are contained at the end of this CUR Update Letter. For purposes of this analysis, AmeriNat reviewed the following due diligence:

1. Final CUR
2. SAIL CHIRP CUR Update Letter
3. Correspondence from Wells Fargo Community Lending & Investment "(WFCLI")
4. Correspondence from Atlantic Pacific Communities ("APC")
5. Appraisal completed by Meridian Appraisal Group, Inc. ("Meridian") dated March 7, 2023
6. Promissory Notes for the 6th and 7th lien position loans
7. Financial and organizational documentation for APC Lending IV, LLC, an entity the Applicant is proposing to be inserted as a lender into the 6th and 7th lien position loans

8. A promissory note, a leasehold mortgage/security agreement and a subordination agreement for the loan in 8th lien position
9. FHFC Past Due Report dated May 25, 2023
10. FHFC Noncompliance Report dated May 24, 2023

Background:

The Development will be located on the south side of NW 10th Street, approximately 700 feet SW of the intersection of NW 10th Street and NW 5th Avenue, Miami, Miami-Dade County, FL 33136. The Development will be new construction consisting of two high-rise (7 story) apartment buildings housing 239 units and serving a family demographic.

The Borrower submitted a request to change the legal description which was approved by FHFC staff on June 19, 2023

Per the Final CUR, AmeriNat recommended an MMRB issuance in the amount of $55,160,000, 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 $1,236,800 and an annual 4% HC allocation in the amount of $4,890,093. Per the SAIL CHIRP CUR Update Letter, AmeriNat recommended an MMRB issuance of $58,970,000, a SAIL CHIRP loan in the amount of $4,300,000 and an annual 4% HC allocation in the amount of $5,194,449 to Culmer Apartments, Ltd. ("Applicant" or "Borrower") for the construction and permanent financing of the Development.

The original construction and permanent funding sources in the SAIL CHIRP CUR Update Letter were as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
FHFC - MMRB	FHFC / Wells Fargo Bank, N.A.	$27,130,000	$27,130,000	$113,515
FHFC - SAIL	FHFC	$11,300,000	$11,300,000	$47,280
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$2,510
FHFC - NHTF	FHFC	$1,236,800	$1,236,800	$5,175
Local Government Subsidy	Miami-Dade County FY 2020 Surtax / SHIP / HOME	$6,500,000	$6,500,000	$27,197
Local Government Subsidy	Overtown	$500,000	$500,000	$2,092
Local Government Subsidy	GOB	$3,189,856.79	$3,189,856.79	$13,347
Other	PHCD	$6,210,000	$6,210,000	$25,983
HC Equity	Wells Fargo Community Lending and Investment	$10,598,761	$52,521,113	$219,754
Deferred Developer Fee	Developer	$15,349,393.21	$12,337,041.21	$51,619
TOTAL		$82,614,811.00	$121,524,811.00	$508,472
Cash Collateral Source(s):				
Equity Bridge Loan	Wells Fargo Bank, N.A.	$38,910,000		
GRAND TOTAL		$121,524,811.00		

The proposed revised construction and permanent funding sources are as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
FHFC - MMRB	FHFC / Wells Fargo Bank, N.A.	$28,829,000	$28,829,000	$120,623
FHFC - SAIL	FHFC	$11,300,000	$11,300,000	$47,280
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$2,510
FHFC - NHTF	FHFC	$1,236,800	$1,236,800	$5,175
Local Government Subsidy	Miami-Dade County FY 2020 Surtax / SHIP / HOME	$6,500,000	$6,500,000	$27,197
Local Government Subsidy	Overtown	$500,000	$500,000	$2,092
Local Government Subsidy	GOB	$3,189,856.79	$3,189,856.79	$13,347
Other	PHCD	$6,210,000	$6,210,000	$25,983
HC Equity	Wells Fargo Community Lending and Investment	$9,757,192	$52,522,328	$219,759
Deferred Developer Fee	Developer	$13,357,736.21	$10,636,826.21	$44,506
TOTAL		$81,480,585.00	$121,524,811.00	$508,472
Cash Collateral Source(s):				
Equity Bridge Loan	Wells Fargo Bank, N.A.	$40,044,226		
GRAND TOTAL		$121,524,811.00		

FHFC will issue tax-exempt MMRB in an amount up to $58,970,000 during construction that will be cash collateralized at all times. The construction and permanent first mortgage of $28,829,000 and a portion of the construction Bridge Loan, both from WFCLI, will fully collateralize the MMRB. Please note that the total development cost ("TDC") of $121,524,811.00 is based on the SAIL CHIRP CUR Update letter. The transaction is currently on track to close on June 27, 2023 and costs remain fluid and are subject to movement prior to closing. As such, the transaction does not exceed the TDC limitation of $521,529.84/unit for a property configured as is and the Development is eligible for funding.

First Mortgage Increase:

Per an email received from WFCLI, a subsidiary of Wells Fargo Bank, N.A., dated March 28, 2023, the construction and permanent loan amounts have increased by $1,699,000 from $27,130,000 to a maximum of $28,829,000 each and the interest rate has been locked at 5.31%. All other terms and conditions remain the same since the SAIL CHIRP CUR Update letter. Annual payment of all applicable fees will be required. Please note that the FHFC 2023 Fee Schedule will be applied, which includes an annual Permanent Loan Servicing Fee of 2.3 bps on the outstanding loan amount with a minimum of $236 per month (no maximum), and annual Compliance Monitoring Fees inclusive of a $183 base fee, a $11.24/set-aside unit fee, subject to a monthly minimum fee of $286. See a discussion of the Debt Service Coverage ("DSC") on pages 5 and 6 of the recommendation for this loan and the other loans in the transaction, as well as the accompanying Operating Pro Forma on page 7 for further detail.

Bridge Loan Increase:

Per an email received from WFCLI dated March 28, 2023, the Bridge Loan amount has increased from $38,910,000 to an amount not to exceed $40,060,000. The contemplated amount to be used is $40,044,226, which is an increase of $1,134,226. All other terms and conditions remain the same since the SAIL CHIRP CUR Update Letter.

SAIL, ELI and NHTF Loans:

The only change to the SAIL, ELI and NHTF loans is an increase in the fees, which are based on FHFC's 2023 Fee Schedule. Annual payments of all applicable fees will be required. For each of the SAIL, ELI and NHTF loans, fees include an annual Permanent Loan Servicing Fee of 25 bps on the outstanding loan amount, with a maximum fee of $936 per month, subject to a minimum fee of $236 per month, and an annual Compliance Monitoring Multiple Program Fee of $1,023.

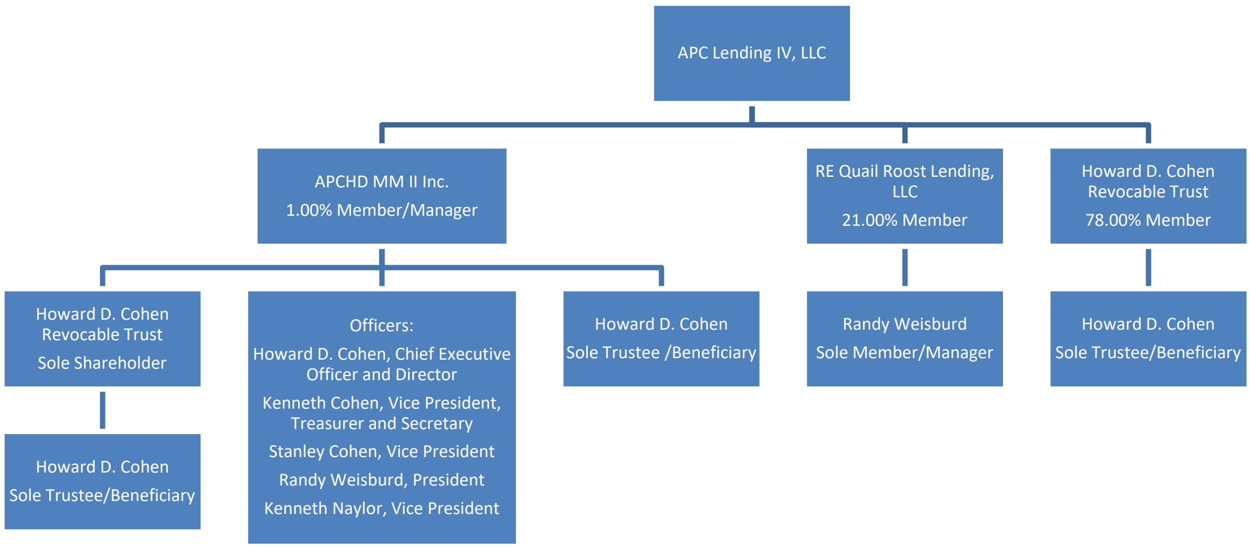
6th and 7th Mortgage Loans

The Applicant proposes a change to the $500,000 Overtown Trust Fund loan to be provided by the Miami-Dade County Public Housing and Community Development ("PHCD") in 6th lien position and the $3,189,856.79 Building Better Communities General Obligation Bond Program ("GOB") loan to be provided by Miami-Dade County in 7th lien position. Please note that the GOB funds were previously to be provided by PHCD. The Final CUR indicated the GOB funds were to flow through BAME Development Corporation of South Florida, Inc. ("BAME") and then to the Applicant. BAME is a 501(c)(3) non-profit who will receive the funds from PHCD and then lend them to the Applicant per a draft Affordable Housing Development and Grant Agreement between the two parties. The Applicant indicates that a related Intermediary entity known as APC Lending IV, LLC (the "Intermediary"), is to be inserted between BAME and the Applicant entity. Per the Applicant, this will allow the funds, once repaid, to be reinvested in future affordable housing properties developed by Atlantic Pacific Communities, LLC. The funds would be repaid from the Applicant to the Intermediary for the purpose of further developing affordable or workforce housing. This cannot be accomplished without the inclusion of the Intermediary entity, as the Applicant is a single purpose entity. AmeriNat has received and reviewed draft Promissory Notes between Miami-Dade County, PHCD and BAME, BAME and the Intermediary, and the Intermediary and the Applicant to memorialize this change. No other terms of the loans have changed.

AmeriNat collected the following information on the Intermediary:

1) Organizational Chart
2) Articles of Organization
3) Operating Agreement
4) Authorization to Release information
5) Statement of Financial and Credit Affairs ("SoFCA")
6) A letter from APC indicating that the entity is newly formed with no financial information available

The organizational structure of the Intermediary is as follows:



Members of the Intermediary are related to the Applicant and have previously been underwritten by AmeriNat for this transaction. A Dun & Bradstreet Information Report dated April 19, 2023 was obtained which reflected an acceptable credit background and nothing adverse in the Public Records. The SoFCA received for the entity indicated they have no pending legal actions, bankruptcies, foreclosures, or unsatisfied judgments. As previously noted, a letter received from APC indicates the Intermediary does not have any financial holdings.

8th Mortgage Loan

The $6,210,000 PHCD loan in 8th position is now a Lessor's loan provided by Miami-Dade County. Terms of the loan remain unchanged. AmeriNat has received and reviewed a draft promissory note, leasehold mortgage and security agreement, and a subordination agreement documenting the change.

HC Equity

The HC equity will be provided by Wells Fargo Community Investment Holdings, LLC based on the substantially final Amended and Restated Operating Agreement provided to AmeriNat as of April 18, 2023. The HC equity has increased $1,215 from $52,521,113 to $52,522,328. The equity contributions will be paid as follows:

Capital Contributions	Underwriter's Total Costs -SAIL CHIRP CUR Update Latter	Closing Draw Reallocations	Closing Letter Final Budget	Percent of Total	Due Upon
1st Equity Installment	$10,598,761	-$841,569	$9,757,192	18.58%	Closing and initial funding of all sources
2nd Equity Installment	$37,374,112	$1,514,094	$38,888,206	74.04%	Later of construction completion or January 1, 2025
3rd Equity Installment	$4,048,240	-$671,310	$3,376,930	6.43%	Later of receipt of DSCR Certificate confirming a 1.15x DSCR and a 90% occupancy for 90 days or June 1, 2025
4th Equity Installment	$500,000	$0	$500,000	0.95%	Later of receipt of IRS Form(s) 8609 or July 1, 2025
Total:	**$52,521,113**	**$1,215**	**$52,522,328**	**100%**	

Deferred Developer Fee:

During the construction phase, Deferred Developer Fee has been reduced by $1,991,657.00 from $15,349,393.21 to $13,357,736.21 or 77.6% of total Developer Fee. During the permanent phase, the Deferred Developer Fee has been reduced by $1,700,215.00 from $12,337,041.21 to $10,636,826.21 or 61.8% of total Developer Fee, which meets the minimum 30% requirement per the ITP SAIL CHIRP and the 35% requirement for a 1st mortgage and SAIL loan combined DSC under 1.10x, detail of which follows below.

Debt Service Coverage:

Per a RAD Conversion Commitment ("RAD commitment") from the U.S. Department of Housing and Urban Development executed by the Applicant as of March 20, 2023, the final RAD contract rents were confirmed for 48 units at the Development. The RAD commitment indicates that the rents for the 26 one-bedroom units increased $21/unit from $733 to $754, the rents for the 20 two-bedroom units increased $27/unit from $923 to $950, the rent for 1 three-bedroom unit increased $36 from $1,231 to $1,267, and the rent for 1 four-bedroom unit increased $43 from $1,478 to $1,521. These changes resulted in an overall annual gross potential rental income ("GPRI") increase of $13,980.

Per a letter dated February 9, 2023 from the Miami-Dade County Public Housing and Community Development ("PHCD"), rents for the 71 PBV units were confirmed. The letter indicated that the rent for the 1 two-bedroom unit decreased by $1 from $1,739 to $1,738, rents for the 56 three-bedroom units remained unchanged at $2,305, rent for the 11 four-bedroom units decreased by $1/unit from $2,733 to $2,732, and the rent for the 3 five-bedroom units decreased $1/unit from $3,122 to $3,121. Overall, the annual GPRI for the 71 PBV units decreased $180.

Lastly, the 2022 Maximum Low Income Housing Tax Credit rents for Miami-Dade County increased from the 2021 amounts at the 30%, 60% and 80% levels for the remaining 120 studio and one-bedroom units, which resulted in an annual GPRI increase of $127,404.

Based on the changes, the annual GPRI for the Development increased $141,204 from $4,050,792 to $4,191,996. The change to the GPRI was confirmed by the revised appraisal completed by Meridian dated March 7, 2023. The appraisal also confirmed the stabilized operating pro forma for the Development. The revised rent roll for the Development is as follows:

(County): Miami-Miami Beach-Kendall HMFA (Miami-Dade)

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	408	22%			$402	$69	$333	$754	$733	$754	$754	$9,048
2	2.0	1	629	22%			$482	$101	$381	$1,738	$1,739	$1,738	$1,738	$20,856
3	2.0	1	783	22%			$557	$137	$420	$2,305	$2,305	$2,305	$2,305	$27,660
4	2.0	1	862	22%			$622	$162	$460	$2,732	$2,733	$2,732	$2,732	$32,784
0	1.0	9	258	30%			$512	$64	$448		$410	$448	$448	$48,384
1	1.0	10	408	30%			$548	$69	$479	$754	$733	$754	$754	$90,480
2	2.0	17	629	30%			$658	$101	$557	$950	$923	$950	$950	$193,800
5	3.0	1	1,023	30%			$936	$207	$729	$3,121	$3,122	$3,121	$3,121	$37,452
1	1.0	2	408	40%			$731	$69	$662	$754	$733	$754	$754	$18,096
2	2.0	2	629	40%			$878	$101	$777	$950	$923	$950	$950	$22,800
3	2.0	1	783	40%			$1,014	$137	$877	$1,267	$1,231	$1,267	$1,267	$15,204
4	2.0	1	861	40%			$1,131	$162	$969	$1,521	$1,478	$1,521	$1,521	$18,252
3	2.0	5	782	50%			$1,267	$137	$1,130	$2,305	$2,305	$2,305	$2,305	$138,300
0	1.0	31	258	60%			$1,024	$64	$960		$885	$960	$960	$357,120
1	1.0	16	408	60%			$1,097	$69	$1,028		$948	$1,028	$1,028	$197,376
1	1.0	13	408	60%			$1,097	$69	$1,028	$754	$733	$754	$754	$117,624
2	2.0	1	629	60%			$1,317	$101	$1,216	$950	$923	$950	$950	$11,400
3	2.0	50	783	60%			$1,521	$137	$1,384	$2,305	$2,305	$2,305	$2,305	$1,383,000
4	3.0	10	862	60%			$1,696	$162	$1,534	$2,732	$2,733	$2,732	$2,732	$327,840
5	3.0	2	1,023	60%			$1,872	$207	$1,665	$3,121	$3,122	$3,121	$3,121	$74,904
0	1.0	19	258	80%			$1,366	$64	$1,302		$1,202	$1,302	$1,302	$296,856
1	1.0	45	408	80%			$1,463	$69	$1,394		$1,288	$1,394	$1,394	$752,760
		239	121,965											$4,191,996

Please note that the Gross HC Rents shown above are based on FHFC's 2022 Income and Rent limits as posted on their website. The Applicant submitted a request on June 21, 2023 to change the 12 four-bedroom/three bathroom units to 10 units with three bathrooms and two units with two bathrooms. Additionally, the Exhibit 'B' which appeared in the Final CUR listed 3 five-bedroom/two-bathroom units to be provided at the Development; those five-bedroom units will now have three bathrooms. These changes are illustrated in the above table. FHFC approval of the change to the four-bedroom units is a condition precedent to loan closing.

With the increase to the permanent first mortgage MMRB (rate locked at 5.31%), inclusion of FHFC's Fee Schedule for 2023, and the increase in GPRI, the DSC decreased for the permanent first mortgage from 1.25x to 1.07x in the first year of stabilized operations. The DSC for the permanent first and SAIL loans decreased from 1.15x to 1.04x. Per Rule 67-48, 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 percent of 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 1.04x. Under that scenario, AmeriNat has utilized $188,841 of the previously budgeted Operating Deficit Reserve ("ODR") during the first four years' of operations; this maintains a 1.04x DSC for the 1st mortgage and SAIL loan and a 1.00x for all debt and fees, as shown in the One-Year Operating Pro Forma and 15-Year Pro Forma.

The One-Year Operating Pro Forma is as follows. Exhibit 1 of this CUR Update Letter illustrates the 15-Year Pro Forma.

OPERATING PRO FORMA:

	FINANCIAL COSTS:			Year 1	Year 1 Per Unit
	OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income			$4,191,996	$17,540
	Rent Subsidy (ODR)			$79,608	$333
	Other Income				$0
	Ancillary Income			$14,340	$60
	Washer/Dryer Rentals			$57,360	$240
	Gross Potential Income			$4,343,304	$18,173
	Less:				
	Physical Vac. Loss	Percentage:	2.95%	$127,911	$535
	Collection Loss	Percentage:	0.98%	$42,637	$178
	Total Effective Gross Income			$4,172,756	$17,459
EXPENSES:	Fixed:				
	Ground Lease			$20,000	$84
	Real Estate Taxes			$590,123	$2,469
	Insurance			$382,400	$1,600
	Variable:				
	Management Fee	Percentage:	6.00%	$250,365	$1,048
	General and Administrative			$131,450	$550
	Payroll Expenses			$286,800	$1,200
	Utilities			$149,375	$625
	Marketing and Advertising			$11,950	$50
	Maintenance and Repairs/Pest Control			$95,600	$400
	Grounds Maintenance and Landscaping			$29,875	$125
	Contract Services			$71,700	$300
	Security			$143,400	$600
	Reserve for Replacements			$71,700	$300
	Total Expenses			$2,234,738	$9,350
	Net Operating Income			$1,938,018	$8,109
	Debt Service Payments				
	First Mortgage - Wells Fargo			$1,739,793	$7,279
	Second Mortgage - FHFC SAIL / CHIRP SAIL			$113,000	$473
	Third Mortgage - FHFC ELI			$0	$0
	Fourth Mortgage - FHFC NHTF			$0	$0
	Fifth Mortgage - Miami-Dade FY 2020 Surtax			$65,000	$272
	All Other Mortgages - 6th, 7th, 8th			$0	$0
	First Mortgage Fees - Wells Fargo			$0	$0
	Second Mortgage Fees - SAIL / CHIRP SAIL PLS & CM			$12,255	$51
	Third Mortgage Fees - ELI PLS & CM			$3,855	$16
	Fourth Mortgage Fees - NHTF PLS & CM			$4,115	$17
	Fifth Mortgage Fees - Miami-Dade FY 2020 Surtax			$0	$0
	All Other Mortgages Fees - 6th, 7th, 8th			$0	$0
	Total Debt Service Payments			$1,938,018	$8,109
	Cash Flow after Debt Service			($0)	($0)
	Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees			1.11x	
	DSC - Second Mortgage plus Fees			1.04x	
	DSC - Third Mortgage plus Fees			1.04x	
	DSC - Fourth Mortgage plus Fee			1.03x	
	DSC - Fifth Mortgage plus Fees			1.00x	
	DSC - All Mortgages and Fees			1.00x	
	Financial Ratios				
	Operating Expense Ratio			53.56%	
	Break-even Economic Occupancy Ratio (all debt)			96.31%	

Recommendation:

AmeriNat's review indicates that the increase in the construction and permanent first mortgage loan amounts, the increase in the Bridge Loan, insertion of the Intermediary lender for the 6th and 7th Mortgage Loans, a change to the form of the 8th Mortgage Loan, and the increase in GPRI do not adversely impact the transaction as previously underwritten. Accordingly, AmeriNat recommends that FHFC consent to and approve these changes to the Final CUR and SAIL CHIRP CUR Update Letter, subject to the following:

1. Deferred Developer Fee ("DDF") must meet the minimum 35% requirement for a transaction where the combined DSC of the 1st mortgage loan and SAIL loan is below a 1.10x. The transaction will also be required to meet the 30% DDF requirement of the ITP SAIL CHIRP.

2. FHFC approval of the change to number of bathrooms provided for the four-bedroom units is a condition precedent to loan closing.

3. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.

4. All of the closing conditions in the Final CUR and SAIL CHIRP CUR Update Letter are to be met.

5. Any other requirement of Florida Housing, its Legal Counsel and Servicer.

Please contact AmeriNat if you have any questions or if we can provide further assistance.

Sincerely,

George J. Repity
Senior Credit Underwriter

Exhibit 1
Culmer Apartments
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	$4,191,996	$4,275,836	$4,361,353	$4,448,580	$4,537,551	$4,628,302	$4,720,868	$4,815,286	$4,911,591	$5,009,823	$5,110,020	$5,212,220	$5,316,465	$5,422,794	$5,531,250
Rent Subsidy (ODR)	$79,608	$57,872	$36,337	$15,024											
Other Income															
Ancillary Income	$14,340	$14,627	$14,919	$15,218	$15,522	$15,833	$16,149	$16,472	$16,802	$17,138	$17,480	$17,830	$18,187	$18,550	$18,921
Washer/Dryer Rentals	$57,360	$58,507	$59,677	$60,871	$62,088	$63,330	$64,597	$65,889	$67,206	$68,551	$69,922	$71,320	$72,746	$74,201	$75,685
Gross Potential Income	$4,343,304	$4,406,842	$4,472,286	$4,539,692	$4,615,162	$4,707,465	$4,801,614	$4,897,646	$4,995,599	$5,095,511	$5,197,422	$5,301,370	$5,407,397	$5,515,545	$5,625,856
Less:															
Physical Vac. Loss Percentage: 2.95%	$127,911	$129,782	$131,710	$133,695	$135,917	$138,636	$141,408	$144,236	$147,121	$150,064	$153,065	$156,126	$159,249	$162,434	$165,682
Collection Loss Percentage: 0.98%	$42,637	$43,261	$43,903	$44,565	$45,306	$46,212	$47,136	$48,079	$49,040	$50,021	$51,022	$52,042	$53,083	$54,145	$55,227
Total Effective Gross Income	$4,172,756	$4,233,799	$4,296,673	$4,361,433	$4,433,939	$4,522,617	$4,613,070	$4,705,331	$4,799,438	$4,895,427	$4,993,335	$5,093,202	$5,195,066	$5,298,967	$5,404,947
EXPENSES: Fixed:															
Ground Lease	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095	$26,878	$27,685	$28,515	$29,371	$30,252
Real Estate Taxes	$590,123	$607,827	$626,061	$644,843	$664,189	$684,114	$704,638	$725,777	$747,550	$769,977	$793,076	$816,868	$841,374	$866,616	$892,614
Insurance	$382,400	$393,872	$405,688	$417,859	$430,395	$443,306	$456,606	$470,304	$484,413	$498,945	$513,914	$529,331	$545,211	$561,567	$578,414
Variable:															
Management Fee Percentage: 6.00%	$250,365	$254,028	$257,800	$261,686	$266,036	$271,357	$276,784	$282,319	$287,966	$293,725	$299,600	$305,592	$311,704	$317,938	$324,296
General and Administrative	$131,450	$135,394	$139,455	$143,639	$147,948	$152,387	$156,958	$161,667	$166,517	$171,512	$176,658	$181,958	$187,416	$193,039	$198,830
Payroll Expenses	$286,800	$295,404	$304,266	$313,394	$322,796	$332,480	$342,454	$352,728	$363,310	$374,209	$385,435	$396,998	$408,908	$421,175	$433,811
Utilities	$149,375	$153,856	$158,472	$163,226	$168,123	$173,167	$178,362	$183,712	$189,224	$194,900	$200,748	$206,770	$212,973	$219,362	$225,943
Marketing and Advertising	$11,950	$12,309	$12,678	$13,058	$13,450	$13,853	$14,269	$14,697	$15,138	$15,592	$16,060	$16,542	$17,038	$17,549	$18,075
Maintenance and Repairs/Pest Control	$95,600	$98,468	$101,422	$104,465	$107,599	$110,827	$114,151	$117,576	$121,103	$124,736	$128,478	$132,333	$136,303	$140,392	$144,604
Grounds Maintenance and Landscaping	$29,875	$30,771	$31,694	$32,645	$33,625	$34,633	$35,672	$36,742	$37,845	$38,980	$40,150	$41,354	$42,595	$43,872	$45,189
Contract Services	$71,700	$73,851	$76,067	$78,349	$80,699	$83,120	$85,614	$88,182	$90,827	$93,552	$96,359	$99,250	$102,227	$105,294	$108,453
Security	$143,400	$147,702	$152,133	$156,697	$161,398	$166,240	$171,227	$176,364	$181,655	$187,104	$192,718	$198,499	$204,454	$210,588	$216,905
Reserve for Replacements	$71,700	$71,700	$71,700	$71,700	$71,700	$71,700	$71,700	$71,700	$71,700	$71,700	$73,851	$76,067	$78,349	$80,699	$83,120
Total Expenses	$2,234,738	$2,295,781	$2,358,655	$2,423,415	$2,490,466	$2,560,369	$2,632,315	$2,706,366	$2,782,583	$2,861,030	$2,943,923	$3,029,245	$3,117,066	$3,207,461	$3,300,506
Net Operating Income	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,943,472	$1,962,249	$1,980,754	$1,998,965	$2,016,855	$2,034,397	$2,049,412	$2,063,957	$2,077,999	$2,091,506	$2,104,441
Debt Service Payments															
First Mortgage - Wells Fargo	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793	$1,739,793
Second Mortgage - FHFC SAIL / CHIRP SAIL	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000	$113,000
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 - Miami-Dade FY 2020 Surtax	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000	$65,000
All Other Mortgages - 6th, 7th, 8th	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
First Mortgage Fees - Wells Fargo	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Second Mortgage Fees - SAIL / CHIRP 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
Third 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
Fourth Mortgage Fees - NHTF PLS & CM	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115	$4,115
Fifth Mortgage Fees - Miami-Dade FY 2020 Surtax	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
All Other Mortgages Fees - 6th, 7th, 8th	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018	$1,938,018
Cash Flow after Debt Service	($0)	$0	($0)	($0)	$5,454	$24,230	$42,736	$60,947	$78,837	$96,379	$111,394	$125,939	$139,981	$153,487	$166,422
Debt Service Coverage Ratios															
DSC - First Mortgage plus Fees	1.11x	1.11x	1.11x	1.11x	1.12x	1.13x	1.14x	1.15x	1.16x	1.17x	1.18x	1.19x	1.19x	1.20x	1.21x
DSC - Second Mortgage plus Fees	1.04x	1.04x	1.04x	1.04x	1.04x	1.05x	1.06x	1.07x	1.08x	1.09x	1.10x	1.11x	1.11x	1.12x	1.13x
DSC - Third Mortgage plus Fees	1.04x	1.04x	1.04x	1.04x	1.04x	1.05x	1.06x	1.07x	1.08x	1.09x	1.10x	1.10x	1.11x	1.12x	1.13x
DSC - Fourth Mortgage plus Fee	1.03x	1.03x	1.03x	1.03x	1.04x	1.05x	1.06x	1.07x	1.08x	1.09x	1.09x	1.10x	1.11x	1.12x	1.12x
DSC - Fifth Mortgage plus Fees	1.00x	1.00x	1.00x	1.00x	1.00x	1.01x	1.02x	1.03x	1.04x	1.05x	1.06x	1.06x	1.07x	1.08x	1.09x
DSC - All Mortgages and Fees	1.00x	1.00x	1.00x	1.00x	1.00x	1.01x	1.02x	1.03x	1.04x	1.05x	1.06x	1.06x	1.07x	1.08x	1.09x
Financial Ratios															
Operating Expense Ratio	53.56%	54.23%	54.89%	55.56%	56.17%	56.61%	57.06%	57.52%	57.98%	58.44%	58.96%	59.48%	60.00%	60.53%	61.06%
Break-even Economic Occupancy Ratio (all debt)	96.31%	96.31%	96.31%	96.31%	96.19%	95.79%	95.42%	95.06%	94.73%	94.42%	94.17%	93.93%	93.72%	93.53%	93.35%

Please note that in order to meet the 1.10x DSC minimum for the combined permanent first mortgage and SAIL loan as required by Rule 67-48, $188,841 of the budgeted ODR will need to be drawn during the first four years of stabilized operations.

June 22, 2023

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Parrish Oaks – MMRB 2020 Series A / SAIL & ELI RFA 2017-108 (2018-041BS) / 4% HC 2016-575C
CUR Update Letter - Proposed Increase in Permanent First Mortgage Amount

Dear Mr. Kennedy:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNat® ("AmeriNat" or "Servicer") review correspondence dated December 27, 2022, as submitted by SP Oaks, LLC (the "Borrower") requesting a $515,000.00 increase to the Permanent First Mortgage amount for the benefit of Parrish Oaks (the "Development"). Specifically, AmeriNat has been requested to provide a recommendation as to the increase in the permanent first mortgage loan proceeds as it represents a change to the Multifamily Mortgage Revenue Bonds ("MMRB"), State Apartment Incentive Loan ("SAIL"), Extremely Low Income ("ELI") Loan, and 4% non-competitive Housing Credits ("HC") Credit Underwriting Report ("Final CUR") dated April 25, 2019, and the Servicer Closing Letter and Final Sources and Uses / Construction Draw Schedule Letter ("Closing Letter") dated January 16, 2020. The transaction closed as of January 17, 2020.

AmeriNat reviewed the request, performed certain due diligence, and formulated a recommendation. For purposes of this analysis, AmeriNat reviewed the following due diligence:

- Correspondence from the Borrower regarding approval of the request detailed above
- Final CUR
- Closing Letter
- Note Agreement dated January 1, 2020, among Prudential Huntoon Paige Associates, LLC ("Prudential") and the Borrower
- Form HUD-92580, Maximum Insurable Mortgage and Cover Letter dated August 3, 2022
- FHFC Past Due Report dated May 25, 2023
- FHFC Noncompliance Report dated May 24, 2023
- Various other correspondence related to the aforementioned documentation

Background

The Development is located 5111 Oxford Road, Parrish, Manatee County, Florida, 34219 and consists of 120 multifamily rental apartment units in five garden-style apartment buildings. The Development serves a Family demographic.

Per the Final CUR, AmeriNat recommended FHFC fund an issuance of MMRB in the amount of $14,000,000, a SAIL loan in the amount of $6,000,000, an ELI loan in the amount of $600,000, and an annual allocation of 4% HC in the amount of $1,028,468.

Construction/Permanent Sources:

The construction and permanent funding sources and the capital contributions as presented in the Closing Letter were as follows:

Construction/Permanent Sources:			
Source	**Lender**	**Construction**	**Permanent**
MMRB	FHFC	$14,000,000.00	$0.00
Permanent First Mortgage	Prudential	$0.00	$10,302,600.00
Second Mortgage	FHFC - SAIL	$2,302,600.00	$6,000,000.00
Third Mortgage	FHFC - ELI	$600,000.00	$600,000.00
Housing Credit Equity	BFITC	$7,760,576.00	$8,541,684.00
Deferred Developer Fee	Developer	$3,406,448.35	$2,625,340.35
	Total :	**$28,069,624.35**	**$28,069,624.35**

Cash Collateral Source(s):			
Permanent First Mortgage	Prudential	$10,302,600.00	
Second Mortgage	FHFC - SAIL	$3,697,400.00	
Grand Total		**$42,069,624.35**	

The 2020 Series A Bonds were redeemed in full on February 1, 2022.

Total Development Cost:

Since the Closing Letter was issued on January 16. 2020, Total Development Costs have increased by $2,046,571.40, from $28,069,624.35 to $30,116,195.75.

First Mortgage Increase Overview

In the Final CUR, it was proposed that Prudential would make a loan in an amount up to $10,383,400; however, AmeriNat estimated a First Mortgage loan in the amount of $9,790,700 in order to meet the minimum debt service coverage requirement of 1.149x based upon an estimated "all-in" interest rate equal to 5.07% and for the First Mortgage loan to fully amortize over the 40-year loan term. The First Mortgage locked the permanent first mortgage at 3.575%, and per the Closing Letter, the First Mortgage Loan was increased to $10,302,600. Per the Cover Letter to the Modified HUD form 92580 dated August 3, 2022, the original mortgage amount will be modified from $10,302,600 to $10,817,700. All other terms and conditions will remain.

The proposed annual debt service of the first mortgage will decrease from $571,983 as estimated in the Final CUR to $528,494. AmeriNat received and satisfactorily reviewed an appraisal dated March 30, 2023 which was completed by Novogradac & Company LLP ("Novogradac"). Based on the operating pro forma analysis in the appraisal and the proposed new loan amount, the property will be able to service the proposed First Mortgage loan at a 1.30x to 1.00 Debt Service Coverage ("DSC") and a 1.14x to 1.00 DSC for the combined First Mortgage loan and SAIL loan.

Mr. Tim Kennedy
Parrish Oaks – MMRB 2020 Series A / SAIL & ELI RFA 2017-108 (2018-041BS) / 4% HC 2016-575C
January 11, 2021

FINANCIAL COSTS:			Year 1	Year 1 Per Unit
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income		$1,588,992	$13,242
	Other Income			$0
	Miscellaneous		$21,000	$175
	Gross Potential Income		$1,609,992	$13,417
	Less:			
	Economic Loss	Percentage: 5.00%	$80,500	$671
Total Effective Gross Income			$1,529,492	$12,746
EXPENSES:	Fixed:			
	Real Estate Taxes		$173,128	$1,443
	Insurance		$96,000	$800
	Variable:			
	Management Fee	Percentage: 5.00%	$76,475	$637
	General and Administrative		$57,000	$475
	Payroll Expenses		$197,000	$1,642
	Utilities		$90,000	$750
	Marketing and Advertising		$3,000	$25
	Maintenance and Repairs/Pest Control		$72,000	$600
	Grounds Maintenance and Landscaping		$42,000	$350
	Reserve for Replacements		$36,000	$300
Total Expenses			$842,603	$7,022
Net Operating Income			$686,890	$5,724
Debt Service Payments				
	First Mortgage - 221(d)(4)		$528,494	$4,404
	Second Mortgage - SAIL		$60,000	$500
	Third Mortgage - ELI		$0	$0
	Second Mortgage Fees - SAIL PLS & CM		$11,246	$94
	Third Mortgage Fees - ELI PLS & CM		$3,530	$29
Total Debt Service Payments			$603,270	$5,027
Cash Flow after Debt Service			$83,620	$697
Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees		1.30x	
	DSC - Second Mortgage plus Fees		1.15x	
	DSC - Third Mortgage plus Fees		1.14x	
	DSC - All Mortgages and Fees		1.14x	
Financial Ratios				
	Operating Expense Ratio		55.09%	
	Break-even Economic Occupancy Ratio (all debt)		90.06%	

Overall Source and Use of Funds

Based upon information provided by the Borrower, AmeriNat estimates the overall sources and uses of funds as follows:

Construction/Permanent Sources:			
Source	**Lender**	**Construction**	**Permanent**
MMRB	FHFC	$14,000,000.00	$0.00
Permanent First Mortgage	Prudential	$641,928.56	$10,817,700.00
Second Mortgage	FHFC - SAIL	$4,801,203.21	$6,000,000.00
Third Mortgage	FHFC - ELI	$145,680.86	$600,000.00
Housing Credit Equity	BFITC	$5,074,363.37	$8,541,684.00
Deferred Developer Fee	Developer	$3,529,687.13	$3,529,687.13
Working Capital	Developer	$364,001.83	$364,001.83
Borrower Equity	Borrower	$1,559,330.79	$263,122.79
	Total :	**$30,116,195.75**	**$30,116,195.75**

Since the time of closing, the release of the Working Capital in the amount of $364,001.83 has been approved by HUD and added as a Source of Funds. A Working Capital Reserve deposit of $412,104 was required by HUD at closing and the usage of the funds from the Working Capital Reserve are restricted to the cost of Furniture, Fixtures, and Equipment, marketing and lease-up costs, accruals during the course of construction, for interest, mortgage insurance premiums, taxes, ground rents, property insurance premiums and assessments; and cost overruns for HUD approved change orders; but only when other funds have been exhausted. Due to the unforeseen costs incurred by the Development, the use of Working Capital funds was authorized by HUD. If the remaining funds are not utilized, the remaining funds in the Working Capital will be released to the Borrower and will be used to pay down Deferred Developer Fee.

Due to unforeseen cost increases, the Borrower has contributed $1,559,330.79 in the form of Equity since closing.

The proceeds of the increased Permanent First Mortgage will serve to offset increased construction material costs as reviewed by GLE Associates, Inc. (“GLE”) in a report dated May 5, 2023.

Loan-to-Value (“LTV”)

Per the Appraisal from Novogradac, the estimated Market Value “As Is”, subject to restricted rents, of the leased fee interest, subject to short-term leases as of March 23, 2023, is $13,100,000. The resulting LTV for the restricted market value is 82%, 128%, and 132%, respectively, for the proposed new 1st mortgage, SAIL, and ELI loans. The LTV for the restricted market value in the Final CUR was 78%, 126%, and 131%, respectively, for the 1st mortgage, SAIL, and ELI loans. Therefore, the LTV for the restricted scenario did not improve since the Final CUR.

The Hypothetical Market Value “As Is”, as if unrestricted, of the leased fee interest, subject to short-term leases as of March 23, 2023, is $32,500,000. The resulting LTV for the unrestricted market value is 33%, 51%, and 53%, respectively, for the proposed new 1st mortgage, SAIL, and ELI loans. The LTV for the unrestricted market value in the CUR was 41%, 67%, and 69%, respectively, for the 1st mortgage, SAIL, and ELI loans. Therefore, the LTV for the unrestricted scenario improved since the Final CUR.

Summary and Recommendation

AmeriNat recommends that FHFC consent to and approve the increase to the proposed First Mortgage loan, subject to the following:

- Review of final first mortgage loan terms and confirmation that all FHFC underwriting requirements for approval have been met
- Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel
- 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 67-21.0025 (5) F.A.C. and 67-48.0075 (5) F.A.C., of an Borrower or a Developer)
- Consent of the HC equity provider and other Lenders, as applicable
- Payment of all costs and fees to Florida Housing, its Legal Counsel, and Servicer, as applicable.
- Prepayment of any required compliance monitoring fees and servicing fees, as applicable
- Satisfactory resolution of any noncompliance and/or past due items
- Any other requirement of 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

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE

February 6, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Innovare ("Development") – State Apartment Incentive Loan Program ("SAIL"), Extremely Low Income Loan ("ELI"), National Housing Trust Fund ("NHTF") Program, and Competitive 9% Housing Credits ("HC") RFA 2020-103 (2020-478CSN)

Credit Underwriting Report Update Letter ("CUR Update Letter") – Additional Subordinate Debt City of St. Petersburg

Dear Mr. Kennedy,

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") received a letter from a representative of the Applicant, requesting Florida Housing Finance Corporation ("FHFC" or "Florida Housing") approve the addition of an American Rescue Plan Act ("ARPA") State and Local Fiscal Recovery Funds ("SLFRF") loan from the City of St. Petersburg in the amount of $3,426,166 which will be in addition to the existing loan from the City of St. Petersburg of $75,000. It is anticipated that the ARPA SLFRF will have its own note and mortgage.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of this CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

1. Final CUR, dated June 8, 2021 and CUR Update Letter, dated October 19, 2021.

2. Letter of Intent, dated October 20, 2022, and draft loan documents from City of St. Petersburg.

3. Request Letter, dated December 15, 2022, from a representative of the Applicant.

The Development has committed to serving homeless individuals and families demographic where at least 50%, but less than 80%, of the total units must be set-aside for homeless individuals and families and at least 15% of the total units for Persons with Special Needs (which may be the same unit set aside for homeless individuals and families). For the ARPA SLFRF loan, a declaration of restrictions will be recorded which requires rent and income restrictions to remain in place for 30 years regardless of ownership or any loan prepayments. The City shall require that 10 of the units are designated floating units and rents and occupancy shall be restricted for households with incomes at or below 50% AMI. The remainder of the units shall be restricted in accordance with the FHFC requirements described above.

Program	% of Units	# of Units	% AMI	Term (Years)
SAIL/ELI/HC	15.0%	8	33%	50
SAIL/HC	85.0%	42	60%	50
NHTF Assisted-Units	8.0%	4	22%	50

Sources Overview

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage	TD Bank	$8,750,000	$0	$0
FHFC - SAIL	FHFC	$3,279,633	$3,500,000	$68,627
FHFC - SAIL ELI	FHFC	$205,600	$205,600	$4,031
FHFC - NHTF	FHFC	$872,000	$872,000	$17,098
Local Government Subsidy	City of St. Petersburg	$3,426,166	$3,426,166	$67,180
Local Government Subsidy	City of St. Petersburg	$75,000	$75,000	$1,471
HC Equity	RJTCF	$2,132,409	$10,662,042	$209,060
Deferred Developer Fee	VOA and Gorman	$412,176	$412,176	$8,082
TOTAL		$19,152,984	$19,152,984	$375,549

First Housing received a mortgage loan note, dated October 19, 2021, for the construction loan in the amount of $8,750,000. The interest rate is floating based on LIBOR plus 2.50% spread and the loan matures on October 19, 2023. First Housing reviewed a draft Amendment to Construction Loan Agreement which extends the maturity date to October 19, 2024. First Housing also received a draft Renewal Mortgage Loan Note which changes the interest rate to be floating based on the Term Secured Overnight Financing Rate ("SOFR") plus 2.50% spread.

The Development received a SAIL loan in the amount of $3,500,000, a SAIL ELI loan in the amount of $205,600, and a NHTF loan in the amount of $872,000.

The SAIL loan interest rate is 0.50% per annum plus permanent loan servicing and compliance monitoring fees. The SAIL Loan is non-amortizing over the life of the loan. The SAIL Loan has a term of 17 years. Annual payments of all applicable fees are required. 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% plus permanent loan servicing and compliance monitoring fees. The ELI Loan will have a total term of 17 years. Annual payments of all applicable fees are 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.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years. After 30 years all of the NHTF Link units (4 units) may convert to serve residents at or below 60% AMI. However, the Persons with Special Needs set aside commitments must be maintained throughout the entire 50 year Compliance Period. The principal 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 City of St. Petersburg ARPA SLFRF loan and the City of St. Petersburg HCIP loan will bear interest at 0% per annum. The loan is deferred and then forgiven at the City's sole discretion if at the end of 20 years the terms of the agreements have been met.

First Housing reviewed the executed Amended and Restated Agreement of Limited Partnership ("LPA"), dated October 1, 2021. The Capital Contribution schedule below has been updated to reflect the contributions consistent with the LPA. First Housing also received a draft First Amendment to the LPA which changes some of the dates of the capital contributions. The chart below is based on the draft First Amendment to the LPA.

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,599,307	15.00%	Closing
2nd Installment	$533,102	5.00%	Later of January 1, 2023 or 50% Construction Completion
3rd Installment	$1,599,306	15.00%	Later of September 1, 2023 or Construction Completion
4th Installment	$6,680,327	62.66%	Later of January 1, 2024 or Stabilized Operations
5th Installment	$250,000	2.34%	Later of January 1, 2024, when all required tax filing information and Form 8609 are received, and audited financials for the year of breakeven operations are available.
Total	$10,662,042	100.00%	

Annual Credit Per Syndication Agreement	$1,165,367
Calculated HC Exchange Rate	$0.915
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$2,132,409

In order to balance the sources and uses during the permanent period, the Developer must defer $412,176 or 18.61% of the total Developer Fee of $2,214,563 (which does not include the Developer Fee which is funding the ODR or the Developer Fee to fund the excess GC Fee).

Uses of Funds

Please note the Applicant Costs column is based on the closing draw schedule and the Revised Applicant Costs column is based on a revised model provided by the Developer.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	$8,819,564	$11,299,313	$10,678,489	$209,382	$352,390
Site Work	$666,439	$666,439	$666,439	$13,067	$66,644
Constr. Contr. Costs subject to GC Fee	$9,486,003	$11,965,752	$11,344,928	$222,450	$419,034
General Conditions	$569,160	$569,160	$680,695	$13,347	$22,463
Overhead	$189,720	$189,720	$300,117	$5,885	$9,904
Profit	$569,160	$569,160	$607,477	$11,911	$20,047
General Liability Insurance	$60,710	$60,710	$72,607	$1,424	$2,396
Payment and Performance Bonds	$91,066	$91,066	$105,649	$2,072	$3,486
Total Construction Contract/Costs	$10,965,819	$13,445,568	$13,111,473	$257,088	$477,330
Hard Cost Contingency	$540,702	$585,702	$585,702	$11,484	$0
FF&E paid outside Constr. Contr.	$50,000	$50,000	$50,000	$980	$0
Total Construction Costs:	**$11,556,521**	**$14,081,270**	**$13,747,175**	**$269,552**	**$477,330**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated April 16, 2021, in the amount of $10,965,819. This is a Standard Form of Agreement between Owner, Innovare, LP, and General Contractor ("GC"), Hennessy Construction Services Corp. 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 457 calendar days from the date of commencement. The construction contract specifies a 10% retainage will be held until 50% of the project is completed and then 0% retainage will be held.

2. First Housing further received a Contract Addendum, dated August 24, 2021, which completely removes the following General Requirement from Exhibit (DD) GMP Qualifications, "Due to Extreme Volatility in the Marketplace, All Pricing is Only Good for 14-Calendar Days".

3. First Housing received a change order, dated November 3, 2022, in the amount of $2,479,749. The majority of the change order was due to a delay in construction because the executed AHAP was not available. Since the timing was delayed, the cost increase of subcontractor labor and materials escalated. The change order includes GC Fee in excess of the allowable 14% of hard costs. The Applicant submitted a petition for Rule Waiver in order to allow the GC Fee to exceed 14%. The Rule Waiver was approved at the January 27, 2023 FHFC Board meeting and the excess GC Fee $334,095.30 will be payable from Developer Fee.

4. The GC fee is in excess of the maximum 14% of hard costs allowed by the RFA and Rule Chapter 67-48, excluding General Liability Insurance and Payment and Performance Bonds ("P&P Bonds") (refer to paragraph 3 above). 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 67-48.

5. First Housing has received the GC Section 3 contract requirements.

6. First Housing adjusted Hard Cost Contingency to the Developer's projected amount which is reasonable considering a portion of the hard costs have been funded to date.

7. First Housing has included 10% of the site work as Housing Credit ineligible costs. First Housing has included 3.3% of the other total contract costs as ineligible costs associated with the shell of the office building.

8. The General Contractor 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	HC Ineligible Costs - CUR
Accounting Fees	$20,000	$20,000	$20,000	$392	$6,000
Appraisal	$13,500	$13,500	$13,500	$265	$0
Architect's Fee - Site/Building Design	$245,986	$286,395	$286,395	$5,616	$0
Architect's Fee - Supervision	$78,500	$58,082	$58,082	$1,139	$0
Building Permits	$55,207	$56,007	$55,207	$1,082	$0
Engineering Fees	$62,103	$92,222	$92,222	$1,808	$0
Environmental Report	$11,335	$11,335	$11,335	$222	$0
FHFC Administrative Fees	$64,095	$82,018	$64,095	$1,257	$64,095
FHFC Application Fee	$3,000	$3,000	$3,000	$59	$3,000
FHFC Credit Underwriting Fee	$29,846	$29,846	$32,796	$643	$32,796
FHFC Compliance Fee	$219,811	$202,102	$219,811	$4,310	$219,811
Impact Fee	$71,215	$71,215	$71,215	$1,396	$0
Lender Inspection Fees / Const Admin	$35,000	$50,320	$35,000	$686	$0
Green Building Cert. (LEED, FGBC, NAHB)	$15,000	$12,540	$12,540	$246	$0
Insurance	$50,643	$54,265	$54,265	$1,064	$0
Legal Fees - Organizational Costs	$123,448	$0	$130,603	$2,561	$40,000
Market Study	$4,766	$4,766	$4,766	$93	$4,766
Marketing and Advertising	$40,000	$0	$0	$0	$0
Plan and Cost Review Analysis	$3,200	$0	$15,320	$300	$0
Title Insurance and Recording Fees	$69,686	$69,686	$69,686	$1,366	$2,680
Utility Connection Fees	$800	$0	$800	$16	$0
Soft Cost Contingency	$48,422	$110,661	$64,811	$1,271	$0
Other: FHFC Fees	$5,000	$0	$20,600	$404	$20,600
Other: 10% Extension Fee	$5,000	$0	$5,000	$98	$5,000
Other: Closing Ext	$10,000	$0	$10,000	$196	$10,000
Other: Construction Commence Ext	$10,000	$0	$10,000	$196	$10,000
Total General Development Costs:	**$1,295,563**	**$1,227,960**	**$1,361,049**	**$26,687**	**$418,748**

Notes to the General Development Costs:

1. General Development Costs are based primarily on the current draw schedule.

2. The FHFC Administrative Fee is based on 5.5% of the annual Housing Credit allocation.

3. FHFC Compliance Fee of $219,811 is based on the compliance fee calculator spreadsheet provided by FHFC.

4. FHFC Credit Underwriter Fee includes $25,529 for the underwriting of the SAIL, ELI, NHTF, 9% HC, $1,817 for the SLR Fee, $2,500 for the CUR Update Letter, and $2,950 for this CUR Update Letter.

5. FHFC Fees include site control extension fees in the amount of $5,000, legal description change of $100, progress report late fee of $500, and credit swap fee of $15,000.

6. 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.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Commitment Fee	$88,700	$88,700	$88,700	$1,739	$0
Construction Loan Closing Costs	$3,364	$0	$3,364	$66	$0
Construction Loan Interest	$382,813	$550,000	$550,000	$10,784	$137,500
SAIL Commitment Fee	$35,000	$35,000	$35,000	$686	$35,000
SAIL Closing Costs	$12,500	$19,000	$12,500	$245	$12,500
SAIL-ELI Commitment Fee	$2,056	$2,056	$2,056	$40	$2,056
SAIL-ELI Closing Costs	$6,500	$0	$6,500	$127	$6,500
Misc Loan Underwriting Fee	$4,947	$122,774	$4,947	$97	$4,947
Misc Loan Interest	$20,000	$0	$20,000	$392	$20,000
NHTF Closing Costs	$13,258	$0	$13,258	$260	$13,258
Legal Fees - Financing Costs	$53,325	$3,364	$53,325	$1,046	$53,325
Other: Syndication Costs	$30,000	$130,603	$31,244	$613	$31,244
Total Financial Costs:	**$652,463**	**$951,497**	**$820,894**	**$16,096**	**$316,330**
Dev. Costs before Acq., Dev. Fee & Reserves	**$13,504,547**	**$16,260,727**	**$15,929,118**	**$312,336**	**$1,212,408**

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on the draw schedule.

2. The Construction Loan Interest is based on the Developer's estimate which appears reasonable.

3. SAIL Commitment Fee is based on 1% of the SAIL Loan.

4. SAIL ELI Commitment Fee is based on 1% of the ELI Loan.

5. First Housing included closing costs of $6,500 for the ELI Loan and $12,500 for the SAIL, and $13,258 for NHTF Loan. The NHTF Loan Fee of $13,258 includes $12,500 for legal counsel fees and $758 of miscellaneous closing costs.

6. Misc. Loan Costs is related to the predevelopment loan ("PLP") from FHFC.

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

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	$2,160,666	$2,601,716	$2,214,563	$43,423	$0
DF to fund Operating Debt Reserve	$675,208	$675,208	$675,208	$13,239	$0
Other: DF to GC Fee	$0	$0	$334,095	$6,551	
Total Other Development Costs:	$2,835,874	$3,276,924	$3,223,866	$63,213	$0

Notes to the Other Development Costs:

1. First Housing has included the excess GC Fee as a subset of Developer Fee and the overall Developer Fee does not exceed 21% of TDC before Developer Fee, ODR, land costs as allowed by the RFA and Rule.

2. At final cost certification, the Developer Fee – Unportioned and the Developer Fee to GC Fee combined will be based on the lesser of 1) 16% of Development Costs before Acquisition Costs, Developer Fee, and Reserves or 2) $2,964,465 under FHFC's TDC per unit limitation requirements.

3. A portion of the Developer Fee (a maximum of 5% of development costs before Developer Fee and reserves and is estimated to be $675,208) must be placed in an ODR account to be held by FHFC or its Servicer. Any disbursements from said ODR account shall be reviewed and approved 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 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 ODR account cause the Developer Fee or General Contractor Fee to exceed the allowable percentage limitations.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$0	$0	$0	$0	$0
Total Acquisition Costs:	**$0**	**$0**	**$0**	**$0**	**$0**

Notes to Acquisition Costs:

1. First Housing received a Ground Lease made between Housing Finance Authority of Pinellas County, Florida, as Trustee ("Lessor") of the Pinellas County Land Assembly Trust – Innovare and Innovare, LP ("Lessee"). The initial term of the lease shall be for 99 years and may be extend for one additional 99-year period. The Lessee shall pay to Lessor a base annual Lease Fee in accordance with the Land Lease Rent Calculation. The Lease Fee shall be payable annually beginning on the earlier of a) two (2) years from the Commencement Date or b) the date on which a certificate of occupancy for 51 units has been issued. The payment is estimated at $10,101 for the first two years and shall increase at 1% each year thereafter.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Total Reserve Accounts:	**$0**	**$0**	**$0**	**$0**	**$0**

Notes to Reserve Accounts:

1. No additional reserves are required for the Development.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	**$16,340,421**	**$19,537,651**	**$19,152,984**	**$375,549**	**$1,212,408**

Notes to Total Development Costs:

1. The Total Development Costs ("TDC") has increased by a total of $2,812,563 from $16,340,421 to $19,152,984 or 17.21% since the closing draw schedule. The change is mainly due to an increase in construction costs.

2. First Housing used a hybrid TDC limitation calculation, as provided by FHFC staff. The hybrid TDC limitation for the Development is $20,476,741, after the multiplier and

upward adjuster, which excludes a 16% Developer fee capped at $2,964,465 and a 5% Developer Fee capped at $1,023,837. The Development's TDC is $15,929,118, which excludes a 16% Developer Fee of $2,548,658 and a 5% Developer Fee of $675,208. The Development TDC meets the TDC limitation requirement established by FHFC staff.

Operating Pro Forma: Innovare

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			**$598,680**	**$11,739**
	Other Income				
	Ancillary Income			$1	**$0**
	Miscellaneous			$2,550	**$50**
	Gross Potential Income			**$601,231**	**$11,789**
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	$18,037	**$354**
	Collection Loss	Percentage:	1.97%	$11,848	**$232**
Total Effective Gross Income				**$571,346**	**$11,203**
EXPENSES:	Fixed:				
	Ground Lease			$10,101	**$198**
	Real Estate Taxes			$57,744	**$1,132**
	Insurance			$29,580	**$580**
	Variable:				
	Management Fee	Percentage:	6.00%	$34,281	**$672**
	General and Administrative			$20,400	**$400**
	Payroll Expenses			$80,070	**$1,570**
	Utilities			$46,155	**$905**
	Marketing and Advertising			$2,550	**$50**
	Maintenance and Repairs/Pest Control			$21,675	**$425**
	Grounds Maintenance and Landscaping			$12,750	**$250**
	Reserve for Replacements			$15,300	**$300**
Total Expenses				**$330,606**	**$6,482**
Net Operating Income				**$240,741**	**$4,720**
Debt Service Payments					
	First Mortgage - FHFC - SAIL			$17,500	**$343**
	Second Mortgage - FHFC - ELI			$0	**$0**
	Third Mortgage - FHFC - NHTF			$0	**$0**
	Fourth Mortgage - City of St. Petersburg			$0	**$0**
	First Mortgage Fees - FHFC - SAIL			$9,714	**$190**
	Second Mortgage Fees - FHFC - ELI			$3,628	**$71**
	Third Mortgage Fees - FHFC - NHTF			$3,628	**$71**
	Fourth Mortgage Fees - City of St. Petersburg			$0	**$0**
Total Debt Service Payments				**$34,470**	**$676**
Cash Flow after Debt Service				**$206,271**	**$4,045**
Debt Service Coverage Ratios					
	DSC - First Mortgage plus Fees			**8.85x**	
	DSC - Second Mortgage plus Fees			**7.81x**	
	DSC - Third Mortgage plus Fees			**6.98x**	
	DSC - Fourth Mortgage plus Fee			**6.98x**	
Financial Ratios					
	Operating Expense Ratio			**57.86%**	
	Break-even Economic Occupancy Ratio (all debt)			**61.02%**	

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with SAIL, ELI, and NHTF financing, which will impose rent restrictions. The rent levels are based on the 2021 maximum low income housing tax credits ("LIHTC") rents published on FHFC's website for Pinellas County less the applicable utility allowance. The utility allowances are based on the utility allowance schedule from St. Petersburg Housing Authority effective January 1, 2021. However, the Development will receive 25 PBV from the SPHA. First Housing based the PBV rents on the executed Agreement to Enter into a Housing Assistance Payments Contract which was received post closing. Below is the rent roll for the Development:

Tampa-St. Petersburg-Clearwater MSA, Pinellas County, FL

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	582	22%			$304	$85	$ 219	$ 1,052	$ 805	$ 805	$ 1,052	$ 25,248
1	1.0	4	582	33%			$457	$85	$ 372	$ 1,052	$ 805	$ 805	$ 1,052	$ 50,496
1	1.0	2	582	60%			$831	$85	$ 746	$ 1,052	$ 805	$ 805	$ 1,052	$ 25,248
1	1.0	8	634	60%			$831	$85	$ 746	$ 1,052	$ 805	$ 805	$ 1,052	$ 100,992
1	1.0	3	630	60%			$831	$85	$ 746	$ 1,052	$ 805	$ 805	$ 1,052	$ 37,872
1	1.0	6	630	60%			$831	$85	$ 746		$ 746	$ 746	$ 746	$ 53,712
2	2.0	2	881	22%			$365	$110	$ 255	$ 1,281	$ 909	$ 909	$ 1,281	$ 30,744
2	2.0	4	881	33%			$548	$110	$ 438	$ 1,281	$ 909	$ 909	$ 1,281	$ 61,488
2	2.0	3	881	60%			$997	$110	$ 887		$ 887	$ 887	$ 887	$ 31,932
2	2.0	9	877	60%			$997	$110	$ 887		$ 887	$ 887	$ 887	$ 95,796
2	2.0	7	902	60%			$997	$110	$ 887		$ 887	$ 887	$ 887	$ 74,508
2	2.0	1	902	60%			$997	$110	$ 887			$ 887	$ 887	$ 10,644
		51	38,436											$ 598,680

2. The appraisal used a vacancy and collection loss rate of 4%. First Housing has used a 4.97% vacancy and collection loss which includes a 3% vacancy and collection loss and a 1.97% revenue loss from the anticipated manager unit. One of the two-bedroom units is anticipated to be used as a manager unit but for underwriting purposes has been included as a 60% AMI unit.

3. First Housing received a draft Commercial Space Lease Agreement, between Innovare, LP ("Landlord") and Volunteers of America of Florida, Inc. ("Tenant"). The term of the lease shall be for a period of 30 years, with an option to extend for a period of two (2) additional renewal terms of 10 years each. The Tenant agrees to pay Landlord an annual rent of $1, payable annually. Tenant shall pay for all utilities, including trash, water and sewer, whether or not they are separately metered, and real estate taxes attributable to the Demised Premises (the "Operating Costs").

4. Miscellaneous Income is comprised of revenue from late fees, pet fees, transfer fees, retained deposits, application fees, and other miscellaneous sources. Total Miscellaneous Income of approximately $50 per 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 Applicant entered into a 99-year Ground Lease with Housing Finance Authority of Pinellas County, Florida, as Trustee of the Pinellas County Land Assembly Trust – Innovare, which will require annual payments estimated at $10,101 for the first two years, then it will increase at 1% each year.

7. The Applicant has submitted a management agreement between VOA and the Applicant. The management agreement reflects a management fee equal to 6% of gross collections received during the preceding month. An additional 3% management fee shall be payable from net cash flow. Each month a bookkeeping/data-processing fee of $10 per unit will also be charged. The appraisal uses a 6% management fee for the restricted scenario. First Housing has based the management fee on 6% as that is more typical for the market.

8. The landlord is responsible for common area electric, water and sewer, and trash collection. Tenant will be responsible for electric, cable and internet.

9. Based on the LPA, requiring replacement reserve deposits are to be $300 per unit per year increasing at 3% annually.

10. Per Rule Chapter 67-48.0072(11), the maximum debt service (“DSC”) shall be 1.50x for the SAIL Loan, including all superior mortgages. The DSC is 8.85x on the SAIL Loan in year 1, which exceeds the maximum threshold. In extenuating circumstances, such as when the Development has deep or short-term subsidy, the DSC may exceed 1.50x, if the Credit Underwriter’s favorable recommendation is supported by the projected cash flow analysis as illustrated in Exhibit 1. In this instance, the above extenuating circumstances apply, based on the deep subsidy of 12 ELI units at or below 33% of the AMI, exceeding the maximum threshold is permitted.

11. 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's review indicates the additional subordinate funds in the amount of $3,426,166 from the City of St. Petersburg has no substantial adverse impact to the Development.

This recommendation is conditioned upon the following:

1. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer of 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. Receipt of final loan documents for the ARPA SLFRF with terms consistent with this report.

3. All other due diligence required by FHFC, its Legal Counsel, and Servicer.

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

Prepared by:	Reviewed by:
Taylor Arruda	Ed Busansky
Senior Credit Underwriter	Senior Vice President

HC Allocation Calculation

Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$19,152,984
Less Land Costs	$0
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$1,212,408
Total Eligible Basis	$17,940,576
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$23,322,749
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	$2,099,047

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; site work, costs associated with the shell of the office building, accounting fees, FHFC Fees, legal fees, market study, title and recording fees, and closing costs.

2. The Development has a 100% set-aside: therefore, the Applicable Fraction is 100%.

3. All proposed Developments in the RFA qualify for the basis boost.

4. For purposes of this recommendation a HC percentage of 9% was applied based on the 9% floor rate which as permanently extended through the Protecting Americans 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)	$19,152,984
Less Mortgages	$8,078,766
Less Grants	$0
Equity Gap	$11,074,218
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.915
HC Required to meet Equity Gap	$12,104,181
Annual HC Required	$1,210,418

Notes to the Gap Calculation:

1. The syndication pricing and Percentage to Investor Limited Partner are based on the LPA.

Summary

HC Per Applicant's Request	$1,165,367
HC Per Qualified Basis	$2,099,047
HC Per GAP Calculation	$1,210,418
Annual HC Recommended	$1,165,367
Syndication Proceeds based upon Syndication Agreement	$10,662,042

1. The annual HC recommendation is limited by the Applicant's Request.

2. FHFC reserves the right to resize the Housing Credits preliminarily awarded to the Applicant. The next opportunity for a feasibility review of this transaction will be during credit underwriting. If the final credit underwriting report 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															
INCOME:															
Gross Potential Rental Income	**$598,680**	**$610,654**	**$622,867**	**$635,324**	**$648,030**	**$660,991**	**$674,211**	**$687,695**	**$701,449**	**$715,478**	**$729,788**	**$744,383**	**$759,271**	**$774,456**	**$789,946**
Other Income															
Ancillary Income	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Miscellaneous	$2,550	$2,601	$2,653	$2,706	$2,760	$2,815	$2,872	$2,929	$2,988	$3,047	$3,108	$3,171	$3,234	$3,299	$3,365
Gross Potential Income	**$601,231**	**$613,256**	**$625,521**	**$638,031**	**$650,792**	**$663,808**	**$677,084**	**$690,625**	**$704,438**	**$718,527**	**$732,897**	**$747,555**	**$762,506**	**$777,756**	**$793,312**
Less:															
Physical Vac. Loss Percentage: 3.00%	$18,037	$18,398	$18,766	$19,141	$19,524	$19,914	$20,313	$20,719	$21,133	$21,556	$21,987	$22,427	$22,875	$23,333	$23,799
Collection Loss Percentage: 1.97%	$11,848	$12,085	$12,326	$12,573	$12,824	$13,081	$13,342	$13,609	$13,881	$14,159	$14,442	$14,731	$15,026	$15,326	$15,633
Total Effective Gross Income	**$571,346**	**$582,773**	**$594,429**	**$606,317**	**$618,444**	**$630,813**	**$643,429**	**$656,297**	**$669,423**	**$682,812**	**$696,468**	**$710,397**	**$724,605**	**$739,098**	**$753,880**
EXPENSES:															
Fixed:															
Ground Lease	$10,101	$10,101	$10,202	$10,304	$10,407	$10,511	$10,616	$10,722	$10,830	$10,938	$11,047	$11,158	$11,269	$11,382	$11,496
Real Estate Taxes	$57,744	$59,476	$61,261	$63,098	$64,991	$66,941	$68,949	$71,018	$73,148	$75,343	$77,603	$79,931	$82,329	$84,799	$87,343
Insurance	$29,580	$30,467	$31,381	$32,323	$33,293	$34,291	$35,320	$36,380	$37,471	$38,595	$39,753	$40,946	$42,174	$43,439	$44,742
Variable:															
Management Fee Percentage: 6.00%	$34,281	$34,966	$35,666	$36,379	$37,107	$37,849	$38,606	$39,378	$40,165	$40,969	$41,788	$42,624	$43,476	$44,346	$45,233
General and Administrative	$20,400	$21,012	$21,642	$22,292	$22,960	$23,649	$24,359	$25,089	$25,842	$26,617	$27,416	$28,238	$29,086	$29,958	$30,857
Payroll Expenses	$80,070	$82,472	$84,946	$87,495	$90,119	$92,823	$95,608	$98,476	$101,430	$104,473	$107,607	$110,836	$114,161	$117,585	$121,113
Utilities	$46,155	$47,540	$48,966	$50,435	$51,948	$53,506	$55,111	$56,765	$58,468	$60,222	$62,028	$63,889	$65,806	$67,780	$69,814
Marketing and Advertising	$2,550	$2,627	$2,705	$2,786	$2,870	$2,956	$3,045	$3,136	$3,230	$3,327	$3,427	$3,530	$3,636	$3,745	$3,857
Maintenance and Repairs/Pest Control	$21,675	$22,325	$22,995	$23,685	$24,395	$25,127	$25,881	$26,658	$27,457	$28,281	$29,129	$30,003	$30,903	$31,830	$32,785
Grounds Maintenance and Landscaping	$12,750	$13,133	$13,526	$13,932	$14,350	$14,781	$15,224	$15,681	$16,151	$16,636	$17,135	$17,649	$18,178	$18,724	$19,286
Reserve for Replacements	$15,300	$15,759	$16,232	$16,719	$17,220	$17,737	$18,269	$18,817	$19,382	$19,963	$20,562	$21,179	$21,814	$22,469	$23,143
Total Expenses	**$330,606**	**$339,878**	**$349,523**	**$359,448**	**$369,661**	**$380,172**	**$390,988**	**$402,120**	**$413,575**	**$425,364**	**$437,497**	**$449,983**	**$462,833**	**$476,058**	**$489,668**
Net Operating Income	**$240,741**	**$242,895**	**$244,906**	**$246,870**	**$248,782**	**$250,641**	**$252,440**	**$254,178**	**$255,848**	**$257,448**	**$258,972**	**$260,415**	**$261,773**	**$263,040**	**$264,211**
Debt Service Payments															
First Mortgage - FHFC - SAIL	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500
Second Mortgage - FHFC - ELI	$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 St. Petersburg	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
First Mortgage Fees - FHFC - SAIL	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714	$9,714
Second Mortgage Fees - FHFC - ELI	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628
Third Mortgage Fees - FHFC - NHTF	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628	$3,628
Fourth 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	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**	**$34,470**
Cash Flow after Debt Service	**$206,271**	**$208,425**	**$210,436**	**$212,400**	**$214,312**	**$216,171**	**$217,970**	**$219,708**	**$221,378**	**$222,978**	**$224,502**	**$225,945**	**$227,303**	**$228,570**	**$229,741**
Debt Service Coverage Ratios															
DSC - First Mortgage plus Fees	**8.85**	**8.93**	**9.00**	**9.07**	**9.14**	**9.21**	**9.28**	**9.34**	**9.40**	**9.46**	**9.52**	**9.57**	**9.62**	**9.67**	**9.71**
DSC - Second Mortgage plus Fees	**7.81**	**7.88**	**7.94**	**8.00**	**8.07**	**8.13**	**8.18**	**8.24**	**8.30**	**8.35**	**8.40**	**8.44**	**8.49**	**8.53**	**8.57**
DSC - Third Mortgage plus Fees	**6.98**	**7.05**	**7.10**	**7.16**	**7.22**	**7.27**	**7.32**	**7.37**	**7.42**	**7.47**	**7.51**	**7.55**	**7.59**	**7.63**	**7.66**
DSC - Fourth Mortgage plus Fee	**6.98**	**7.05**	**7.10**	**7.16**	**7.22**	**7.27**	**7.32**	**7.37**	**7.42**	**7.47**	**7.51**	**7.55**	**7.59**	**7.63**	**7.66**
Financial Ratios															
Operating Expense Ratio	**57.86%**	**58.32%**	**58.80%**	**59.28%**	**59.77%**	**60.27%**	**60.77%**	**61.27%**	**61.78%**	**62.30%**	**62.82%**	**63.34%**	**63.87%**	**64.41%**	**64.95%**
Break-even Economic Occupancy Ratio (all debt)	**61.02%**	**61.34%**	**61.69%**	**62.04%**	**62.40%**	**62.76%**	**63.14%**	**63.51%**	**63.90%**	**64.30%**	**64.70%**	**65.10%**	**65.52%**	**65.94%**	**66.37%**

Based on the LPA, Replacement Reserves will be required at $300 per unit per year, increasing by 3% per year.

AMERINAT®

June 15, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Seven on Seventh – SAIL, ELI & 9% HC RFA 2019-106 (2019-371CS / 2020-496CS)
CUR Update Letter ("CUL") – Changes to the final Credit Underwriting Report dated March 3, 2021 ("CUR") to include an increase in the Broward Partnership for the Homeless, Inc. ("BPHI") Subordinate Funding Source, an additional subordinate loan through BPHI, a subordinate loan from Florida Community Loan Fund ("FCLF"), and subordination of these additional sources to the existing SAIL and ELI Loans

Dear Mr. Kennedy:

AmeriNat® ("AmeriNat" or "Servicer") is in receipt of correspondence dated July 26, 2022 from Seven on Seventh, Ltd. ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC", "Florida Housing", or "Corporation") consent to an increase in the BPHI fourth mortgage construction loan / third mortgage permanent loan, an additional subordinate loan through BPHI and a subordinate loan from FCLF for the above referenced transaction. The additional funding will be subordinate to the State Apartment Incentive Loan ("SAIL") and Extremely Low Income ("ELI") loans. At your direction, AmeriNat has reviewed the request and formulated a recommendation. AmeriNat's findings are presented below.

<u>Overview:</u>

The CUR for Seven on Seventh (the "Development") was approved at the March 12, 2021 Telephonic FHFC Board meeting. At that time, pursuant to Request for Applications 2019-106 ("RFA"), AmeriNat recommended a SAIL loan in the amount of $5,040,000, an ELI loan in the amount of $370,800 and an annual 9% Housing Credits ("HC") in the amount of $2,110,000 for the new construction of the Development. The transaction closed on June 25, 2021 and is currently under construction. It is approximately 98.03% complete per the latest Field Inspection Report issued as of January 4, 2023. The SAIL and ELI loans are in second and third lien positions during the construction period and will be elevated to first and second lien positions, respectively, during the permanent period.

The Borrower is seeking approval to increase the existing subordinate BPHI funding source of $1,000,000 by $400,000 for a total of $1,400,000 to cover unforeseen material cost escalations since construction of the Development commenced. Additionally, BPHI will provide $285,000 in reloaned funds received from the City of Fort Lauderdale Community Reinvestment Agency ("CRA"). A third source is to be provided by the Florida Community Loan Fund ("FCLF") in the amount of $1,000,000. The Borrower's request indicated that the hard cost contingency budgeted of $858,107 will be fully utilized as part of funding these escalations and that the proposed subordinate loans would assist in satisfying the balance of work to be completed.

June 15, 2023
Mr. Tim Kennedy
Seven on Seventh – RFA 2019-106 (2019-371CS / 2020-496CS)

The Development is located at 900 NW, 7th Avenue, Fort Lauderdale, Broward County, FL 33311 and is owned by the Borrower. It provides seven studio/one bathroom, 57 one bedroom/one bathroom, and eight two bedroom/two bathroom units contained within one high rise building.

Per the RFA, at least 50% (36 units) but less than 80% (57 units) of the total units will be set aside 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 defined Persons with Special Needs population that will be serviced is 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; Persons receiving benefits under the Social Security Disability Insurance ("SSDI") program or the Supplemental Security Income ("SSI") program or from veterans' disability benefits; and 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 irrevocably committed to the Homeless 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 the Corporation that allows the Applicant to commit to a different population(s) demographic commitment provided 2.b. of Exhibit A if the appropriate Level 1 or Level 2 Accessibility Requirements are met at the Development for the population(s). The ELI Set-Aside Units are required for a minimum of 50 years. However, after 15 years, the ELI units associated with the ELI Loan Funding (4 units) may convert to serve residents at or below 60% of AMI. The ELI Set-Aside Units that were not associated with the ELI Loan Funding (7 units) will remain ELI Set-Aside Units for the entire 50-year Compliance Period. These commitments were reflected in the Extended Low Income Housing Agreement and the Land Use Restriction Agreement.

The Development will provide not less than 15% of the units (11 units) for tenants with incomes at or below 28% of Area Median Income ("AMI") and 85% of the units (61 units) for tenants with incomes at or below 60% of AMI for a period of 50 years.

Construction/Permanent Sources:

The sources of funds during construction and permanent phases of the Development, as presented in the Closing Letter issued June 25, 2021, were as follows:

CONSTRUCTION/PERMANENT SOURCES:			
Source	**Lender**	**Construction**	**Permanent**
Construction Mortgage	Fifth Third Bank, N.A.	$7,780,000.00	$0.00
Second Mortgage	FHFC - SAIL	$2,399,162.00	$5,040,000.00
Third Mortgage	FHFC - ELI	$370,800.00	$370,800.00
Fourth Mortgage	BPHI	$1,000,000.00	$1,000,000.00
HC Equity	Raymond James Opportunity Zone Fund 4, LLC	$15,506,949.00	$20,675,932.00
Capital Contribution	Managing GP	$2,000.00	$2,000.00
Deferred Developer Fee	Developer	$1,087,743.29	$1,057,922.29
TOTAL		$28,146,654.29	$28,146,654.29

Fifth Third Bank, N.A. provided a 24-month interest-only construction loan in the amount of $7,780,000 for the benefit of the Development. One six-month extension is available. The Borrower was awarded $5,040,000 in SAIL and $370,800 in ELI funding. The SAIL and ELI funding are available during the construction phase with a 0.50% and 0% interest rate, respectively. SAIL and ELI proceeds are disbursed during the construction phase in an amount per draw which does not exceed the ratio of the loans to the Total Development Cost (TDC"), unless approved by the credit underwriter. Please note the SAIL and ELI loans have 30-year terms (a 30-month construction period followed by a 27.5-year permanent term).

Per a Promissory Note dated June 25, 2021, BPHI provided $1,000,000 in loan funding to the Borrower for the construction of the Development. The loan has a 40-year term and an annual interest rate of 1.00%. The full principal amount and any accrued interest is due and payable as of June 25, 2061, with an annual interest-only payment to be made each year on May 1st based on the preceding year's net cash flow, subject to required approvals from lenders and the investment limited partner.

The HC equity is provided by Raymond James Opportunity Zone Fund 4, LLC based on the executed Amended and Restated Agreement of Limited Partnership (the "LPA") provided to AmeriNat as of December 11, 2020 and a subsequent First Amendment to the LPA provided as of June 24, 2021.

AmeriNat estimated the Borrower needed to defer $1,087,743.29 in Developer Overhead at loan closing. The Managing General Partner contributed $2,000.00 as a source of funding and those proceeds were fully utilized at loan closing.

Proposed Construction/Permanent Sources:

CONSTRUCTION/PERMANENT SOURCES:			
Source	**Lender**	**Construction**	**Permanent**
Construction Mortgage	Fifth Third Bank, N.A.	$7,780,000.00	$0.00
Second Mortgage	FHFC - SAIL	$2,399,162.00	$5,040,000.00
Third Mortgage	FHFC - ELI	$370,800.00	$370,800.00
Fourth Mortgage	BPHI	$1,400,000.00	$1,400,000.00
Fifth Mortgage	BPHI	$285,000.00	$285,000.00
Sixth Mortgage	FCLF	$1,000,000.00	$1,000,000.00
HC Equity	Raymond James Opportunity Zone Fund 4, LLC	$15,506,949.00	$20,675,932.00
Capital Contribution	Managing GP	$2,000.00	$2,000.00
Deferred Developer Fee	Developer	$1,332,729.23	$1,302,908.23
TOTAL		$30,076,640.23	$30,076,640.23

The total proposed increase in subordinate funding is $1,685,000. Coupled with change orders approved through draw #20, Deferred Developer Fee has been increased by $244,985.94 from $1,087,743.29 to $1,332,729.23 during construction and by $244,985.94 from $1,057,922.29 to $1,302,908.23 during the permanent phase of the Development. Please note that since the Development is still under construction, cost overruns could further impact the final numbers. Therefore, AmeriNat does not recommend any cut to the SAIL loan proceeds, as the Development will need to document and support that full funding is still needed to complete the Development as proposed via their pay applications and construction draws and a final cost certification. Details of the proposed increases to the existing subordinate debt and two additional sources of subordinate funding are as follows:

Fourth Construction Mortgage / Third Permanent Mortgage – BPHI

For the proposed increase to this loan, the Borrower provided an executed term sheet dated November 22, 2022. Per the term sheet, BPHI will increase the original $1,000,000 loan by $400,000, not to exceed a cumulative total of $1,400,000. Payment terms are identical to the original loan, with a simple interest rate of 1.00% per annum and a 40-year term. The loan will be non-amortizing and interest shall be paid from available cash flow after payment of all project expenses, developer fee, and debt service on superior debt. Appropriate changes to the loan documents for the original loan will incorporate the $400,000 increase. The 28-year pro forma, attached as Exhibit 'B' to the CUL, has been adjusted to account for the proposed interest payment increase from $10,000 to $14,000 annually.

Fifth Construction Mortgage / Fourth Permanent Mortgage – FCLF

BPHI received the funds from FCLF and will reloan the funds to the Borrower. An executed term sheet dated November 22, 2022 between the Applicant and BPHI was provided. The term sheet indicates a construction/permanent loan in an amount up to $285,000 will be provided for the benefit of the Development. Terms of the loan include a simple interest rate of 1.00% per annum and a 40-year term. The loan will be non-amortizing and interest shall be paid from available cash flow after payment of all project expenses, developer fee, and debt service on superior debt. At maturity of the BPHI loan, all principal and unpaid interest will be due. The 28-year pro forma has been adjusted to account for the proposed interest payment of $2,850 annually.

Sixth Construction Mortgage / Fifth Permanent Mortgage – FCLF

The Borrower provided an executed letter of interest ("LOI") dated November 14, 2022 wherein FCLF will provide a loan in the principal amount of $1,000,000 for the benefit of the Development. Terms of the loan include a fixed rate of 1.00% and a 30-year term. The LOI indicates a commitment fee of 0.5% of the loan amount is due and payable upon acceptance of a commitment letter.

The LOI states that the Borrower is to establish an interest reserve account for the benefit of FCLF in the minimum amount of $100,000 prior to or at the time of loan closing. The funds shall be used solely for the purpose of making required payments of interest on the loan during the first ten years of the loan term. The reserve must be funded from other sources of capital to the Development and not from the proceeds of the loan.

Commencing on the last day of the month following the loan closing date and on the last day of each month thereafter, payments of interest only are due and payable in the amount of $833.33 until the Maturity Date, at which time the entire principal balance, together with any unpaid interest or costs, will be due and payable in full. Interest payments prior to the end of the tenth year will be made from the interest reserve. Thereafter, interest payments will be made from available cash flow as defined in the Borrower's limited partnership agreement, and subordinate to all other mortgages. As the LOI requires a 10-year interest sinking fund, the 28-year pro forma has been adjusted to account for the annual interest expense of $10,000 beginning in year 11.

Development Costs

Since the Closing Letter was issued, the TDC increased $1,929,985.94 from $28,146,654.29 to $30,076,640.23. The per unit TDC amount for the Development has increased from $366,329.99 per unit at the time of the CUR to $400,231.11 inclusive of the proposed additional costs. The maximum allowable TDC per unit at the time of the CUR was $387,554.67; however, since the transaction closed, further adjustments approved by FHFC's Board to the per unit TDC limit now yield a maximum value of $420,933.33 per unit. As such, the Development remains in compliance and eligible to receive funding. Please see Exhibit 'A' as attached for further detail regarding the reallocations made through Construction Draw #20 and the remaining increases proposed by the Borrower.

An Inspection Field Report Number 19 (the "Report") dated March 27, 2023 was received from GLE Associates, Inc. ("GLE"), the construction consultant retained for the transaction by AmeriNat. Per the Report, construction was 98.03% complete. Based on GLE's observations, as conducted on February 22, 2023, construction is consistent with the plans and specifications, and the work is generally being conducted in accordance with construction industry standards, inclusive off all change orders previously submitted.

Additional Information:

The debt service coverage ("DSC") in Year 1 of stabilized operations as presented in the CUR indicated a 2.54x to 1.00 DSC for the first mortgage and SAIL Loan and 2.04x to 1.00 for all loans. Currently, those values are 2.54x to 1.00 and 1.79x to 1.00, respectively. Please note that the DSC for all mortgages and fees drops below 1.00x beginning in year 14 of the attached 28-year operating pro forma. This transaction has a bifurcated 21% Developer fee structure wherein 5% of the fee (currently $1,115,150) is held in an Operating Deficit Reserve ("ODR") that can be drawn to assist with the Development's stabilized operations. As shown in Exhibit 'B' of the CUL, the Development will need to draw a total of $869,230 in years 14 through 28 to maintain a 1.00x DSC for all debt.

Recommendation

Based on the foregoing, AmeriNat recommends that FHFC consent to and approve the increase in the amount of $400,000 in the BPHI subordinate loan, an additional BPHI subordinate loan in the amount of $285,000, the FCLF subordinate loan in the amount of $1,000,000, and subordination of the proposed loans to the SAIL and ELI loans, subject to the following conditions:

1. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.

2. Florida Housing and its Legal Counsel shall review and approve all other lenders' closing documents or other applicable agreements. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the loans have been satisfied.

3. Satisfactory resolution of any outstanding past due and/or noncompliance items, if applicable.

4. Payment of any outstanding arrearages to FHFC, its Legal Counsel, its Servicer or any agent or assignee of FHFC 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).

5. Payment of all costs and fees to Florida Housing, its Legal Counsel, and Servicer, as applicable.

6. All other due diligence required by the Servicer, FHFC and its Legal Counsel.

Please contact AmeriNat if you have any questions or if we can provide further assistance.

Sincerely,

George J. Repity
Senior Credit Underwriter

Attachments

Exhibit A

CONSTRUCTION COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
New Rental Units	13,985,131.00	13,985,130.00	1,083,176.37	15,068,307.37	-
Site Work	959,366.00	959,366.00	(20,963.16)	938,402.84	-
Constr. Contr. Costs subject to GC Fee	14,944,497.00	14,944,496.00	1,062,213.21	16,006,710.21	-
General Conditions	887,211.50	887,212.00	44,453.72	931,665.22	-
Overhead	295,737.00	295,737.00	14,897.75	310,634.75	-
Profit	739,343.50	739,344.00	33,788.28	773,132.28	-
General Liability Insurance	167,092.00	167,092.00	8,290.12	175,382.12	-
Payment and Performance Bonds	128,260.00	128,260.00	(6,738.00)	121,522.00	-
Total Construction Contract/Costs	17,162,141.00	17,162,141.00	1,156,905.08	18,319,046.58	-
Hard Cost Contingency	858,107.00	858,107.00	(812,011.69)	46,095.31	-
FF&E paid outside Constr. Contr.	365,900.00	365,900.00	71,291.32	437,191.32	317,857.53
Other: Solar Panels	24,948.00	24,948.00	(24,948.00)	-	-
Other: Tree Relocation	-	17,911.00	18,575.50	18,575.50	-
Other: Additonal Change Orders Contemplated		-	-	-	58,961.74
Total Construction Costs:	**18,411,096.00**	**18,429,007.00**	**409,812.21**	**18,820,908.71**	**376,819.27**

GENERAL DEVELOPMENT COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
Accounting Fees	50,000.00	50,000.00	(3,000.00)	47,000.00	-
Appraisal	5,900.00	5,900.00	-	5,900.00	-
Architect's Fee - Site/Building Design	653,209.00	725,399.00	125,028.66	778,237.66	88,881.14
Building Permits	37,300.00	227,128.16	209,943.96	247,243.96	-
Engineering Fees	149,550.00	149,550.00	19,362.18	168,912.18	-
Environmental Report	20,000.00	20,000.00	(17,500.00)	2,500.00	-
FHFC Administrative Fees	116,050.00	116,050.00	-	116,050.00	-
FHFC Application Fee	3,000.00	3,000.00	-	3,000.00	-
FHFC Credit Underwriting Fee	20,711.00	20,711.00	-	20,711.00	2,976.00
FHFC Compliance Fee	216,761.00	216,761.00	-	216,761.00	-
Impact Fee	69,836.00	135,080.00	65,244.00	135,080.00	-
Lender Inspection Fees / Const Admin	166,504.00	166,504.00	128,368.66	294,872.66	131,158.66
Green Building Cert. (LEED, FGBC, NAHB)	18,945.00	18,945.00	-	18,945.00	-
Insurance	156,154.00	156,154.00	7,675.87	163,829.87	239,273.55
Legal Fees - Organizational Costs	225,000.00	273,000.00	65,585.06	290,585.06	-
Market Study	5,500.00	5,500.00	-	5,500.00	-
Marketing and Advertising	10,000.00	10,000.00	-	10,000.00	-
Plan and Cost Review Analysis	2,900.00	3,700.00	800.00	3,700.00	-
Property Taxes	50,000.00	50,000.00	-	50,000.00	-
Soil Test	25,000.00	25,000.00	(18,950.00)	6,050.00	-
Survey	20,000.00	20,000.00	-	20,000.00	-
Title Insurance and Recording Fees	101,075.00	106,000.00	4,925.00	106,000.00	30,000.00
Utility Connection Fees	316,564.00	539,081.38	291,734.89	608,298.89	
Soft Cost Contingency	125,489.00	155,664.00	(125,489.00)	-	24,809.00
Other: Interior Design	24,840.00	24,840.00	-	24,840.00	3,898.31
Other: FHFC Extension Fees	45,000.00	45,000.00	-	45,000.00	-
Other: FHFC Wire Fee	-	-	120.00	120.00	-
Total General Development Costs:	**2,635,288.00**	**3,268,967.54**	**753,849.28**	**3,389,137.28**	**520,996.66**

June 15, 2023
Mr. Tim Kennedy
Seven on Seventh – RFA 2019-106 (2019-371CS / 2020-496CS)

FINANCIAL COSTS:	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
Construction Loan Origination Fee	77,850.00	58,350.00	(19,500.00)	58,350.00	18,787.56
Construction Loan Closing Costs	25,000.00	354.00	(24,646.00)	354.00	-
Construction Loan Interest	416,699.00	310,000.00	(106,699.00)	310,000.00	87,000.00
SAIL Commitment Fee	50,400.00	50,400.00	-	50,400.00	-
SAIL Closing Costs	12,500.00	12,500.00	-	12,500.00	-
SAIL-ELI Commitment Fee	3,708.00	3,708.00	-	3,708.00	-
SAIL-ELI Closing Costs	6,500.00	7,000.00	500.00	7,000.00	-
Other: Syndicator due diligence	25,000.00	25,000.00	-	25,000.00	-
Other: Other Legal	80,000.00	83,627.75	10,382.75	90,382.75	75,000.00
Other: FCLF Commitment Fee	-	-	-	-	5,000.00
Other: SAIL/ELI Firm Commitment Extension Fee	54,108.00	54,108.00	-	54,108.00	-
Total Financial Costs:	**751,765.00**	**605,047.75**	**(139,962.25)**	**611,802.75**	**185,787.56**
Dev. Costs before Acq., Dev. Fee & Reserves	**21,798,149.00**	**22,303,022.29**	**1,023,699.24**	**22,821,848.74**	**1,083,603.49**

DEVELOPER FEE ON NON-ACQUISTION COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
Developer Fee - Unapportioned	3,487,703.00	3,566,482.00	78,779.00	3,566,482.00	173,376.00
DF to fund Operating Debt Reserve	1,089,907.00	1,115,150.00	25,243.00	1,115,150.00	54,180.00
DF to Consultant Fees	-	2,000.00	2,000.00	2,000.00	-
Total Other Development Costs:	**4,577,610.00**	**4,683,632.00**	**106,022.00**	**4,683,632.00**	**227,556.00**

LAND ACQUISITION COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
Land Lease Payment	1,000,000.00	1,000,000.00	-	1,000,000.00	-
Total Acquisition Costs:	**1,000,000.00**	**1,000,000.00**	**-**	**1,000,000.00**	**-**

RESERVE ACCOUNTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed Additonal Costs
Reserves - Start-Up/Lease-up Expenses	160,000.00	160,000.00		160,000.00	-
Other: FCLF Loan Interest Sinking Fund	-	-	-	-	100,000.00
Total Reserve Accounts:	**160,000.00**	**160,000.00**	**-**	**160,000.00**	**100,000.00**
TOTAL ADDITIONAL INCREASE/(DECREASE) PROPOSED:	**-**	**-**	**-**	**-**	**1,411,159.49**

TOTAL DEVELOPMENT COSTS	FHFC Board Approved CUR	Closing Letter Total Costs	Total Reallocations to Date	Draw 20 Current Budget Totals	Applicant's Proposed TDC
TOTAL DEVELOPMENT COSTS:	**27,535,759.00**	**28,146,654.29**	**1,129,721.24**	**28,665,480.74**	**30,076,640.23**

June 15, 2023
Mr. Tim Kennedy
Seven on Seventh – RFA 2019-106 (2019-371CS / 2020-496CS)

Exhibit B - 28-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
OPERATING PRO FORMA														
INCOME:														
Gross Potential Rental Income	$591,540	$603,371	$615,438	$627,747	$640,302	$653,108	$666,170	$679,494	$693,083	$706,945	$721,084	$735,506	$750,216	$765,220
Rent Subsidy (ODR)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,345
Other Income														
Miscellaneous	$4,320	$4,406	$4,495	$4,584	$4,676	$4,770	$4,865	$4,962	$5,062	$5,163	$5,266	$5,371	$5,479	$5,588
Washer/Dryer Rentals	$12,096	$12,338	$12,585	$12,836	$13,093	$13,355	$13,622	$13,895	$14,172	$14,456	$14,745	$15,040	$15,341	$15,647
Cable/Satellite Income	$5,400	$5,508	$5,618	$5,731	$5,845	$5,962	$6,081	$6,203	$6,327	$6,453	$6,583	$6,714	$6,849	$6,985
Gross Potential Income	$613,356	$625,623	$638,136	$650,898	$663,916	$677,195	$690,738	$704,553	$718,644	$733,017	$747,678	$762,631	$777,884	$798,787
Less:														
Physical Vac. Loss Percentage: 5.00%	$30,668	$31,281	$31,907	$32,545	$33,196	$33,860	$34,537	$35,228	$35,932	$36,651	$37,384	$38,132	$38,894	$39,940
Collection Loss Percentage: 1.00%	$6,134	$6,257	$6,382	$6,509	$6,640	$6,772	$6,908	$7,046	$7,187	$7,331	$7,477	$7,627	$7,779	$7,988
Total Effective Gross Income	$576,554	$588,085	$599,847	$611,844	$624,081	$636,562	$649,293	$662,279	$675,525	$689,035	$702,816	$716,872	$731,210	$750,859
EXPENSES:														
Fixed:														
Ground Lease	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Real Estate Taxes	$54,784	$56,428	$58,120	$59,864	$61,660	$63,510	$65,415	$67,377	$69,399	$71,481	$73,625	$75,834	$78,109	$80,452
Insurance	$43,200	$44,496	$45,831	$47,206	$48,622	$50,081	$51,583	$53,131	$54,724	$56,366	$58,057	$59,799	$61,593	$63,441
Variable:														
Management Fee Percentage: 6.00%	$34,593	$35,285	$35,991	$36,710	$37,445	$38,193	$38,957	$39,736	$40,531	$41,342	$42,169	$43,012	$43,872	$45,051
General and Administrative	$43,200	$44,496	$45,831	$47,206	$48,622	$50,081	$51,583	$53,131	$54,724	$56,366	$58,057	$59,799	$61,593	$63,441
Payroll Expenses	$140,400	$144,612	$148,950	$153,419	$158,021	$162,762	$167,645	$172,674	$177,855	$183,190	$188,686	$194,346	$200,177	$206,182
Utilities	$60,480	$62,294	$64,163	$66,088	$68,071	$70,113	$72,216	$74,383	$76,614	$78,913	$81,280	$83,718	$86,230	$88,817
Marketing and Advertising	$3,600	$3,708	$3,819	$3,934	$4,052	$4,173	$4,299	$4,428	$4,560	$4,697	$4,838	$4,983	$5,133	$5,287
Maintenance and Repairs/Pest Control	$43,200	$44,496	$45,831	$47,206	$48,622	$50,081	$51,583	$53,131	$54,724	$56,366	$58,057	$59,799	$61,593	$63,441
Grounds Maintenance and Landscaping	$7,200	$7,416	$7,638	$7,868	$8,104	$8,347	$8,597	$8,855	$9,121	$9,394	$9,676	$9,966	$10,265	$10,573
Contract Services	$7,200	$7,416	$7,638	$7,868	$8,104	$8,347	$8,597	$8,855	$9,121	$9,394	$9,676	$9,966	$10,265	$10,573
Security	$14,400	$14,832	$15,277	$15,735	$16,207	$16,694	$17,194	$17,710	$18,241	$18,789	$19,352	$19,933	$20,531	$21,147
Reserve for Replacements	$21,600	$21,600	$21,600	$21,600	$21,600	$21,600	$21,600	$21,600	$21,600	$21,600	$22,248	$22,915	$23,603	$24,311
Total Expenses	$473,858	$487,080	$500,691	$514,704	$529,130	$543,982	$559,271	$575,012	$591,217	$607,900	$625,724	$644,074	$662,966	$682,717
Net Operating Income	$102,696	$101,005	$99,155	$97,140	$94,950	$92,581	$90,022	$87,268	$84,308	$81,135	$77,093	$72,799	$68,244	$68,141
Debt Service Payments														
First Mortgage - FHFC SAIL	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200
Second Mortgage - FHFC SAIL/ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Third Mortgage - BPHI	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000
Fourth Mortgage - BPHI	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850
Fifth Mortgage - FCLF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
First Mortgage Fees - FHFC SAIL	$11,560	$11,589	$11,619	$11,649	$11,681	$11,714	$11,747	$11,782	$11,817	$11,854	$11,892	$11,930	$11,970	$12,012
Second Mortgage Fees - FHFC SAIL/ELI	$3,628	$3,657	$3,687	$3,717	$3,749	$3,782	$3,815	$3,850	$3,885	$3,922	$3,960	$3,998	$4,038	$4,080
Third Mortgage Fees - BPHI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fourth Mortgage Fees - BPHI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fifth Mortgage Fees - FCLF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,000	$10,000	$10,000	$10,000
Total Debt Service Payments	$57,238	$57,296	$57,355	$57,417	$57,480	$57,545	$57,612	$57,681	$57,752	$57,826	$67,901	$67,979	$68,059	$68,141
Cash Flow after Debt Service	$45,458	$43,709	$41,800	$39,723	$37,470	$35,035	$32,410	$29,586	$26,556	$23,310	$9,192	$4,820	$185	$0
Debt Service Coverage Ratios														
DSC - First Mortgage plus Fees	2.79x	2.75x	2.69x	2.64x	2.57x	2.51x	2.44x	2.36x	2.28x	2.19x	2.08x	1.96x	1.84x	1.83x
DSC - Second Mortgage plus Fees	2.54x	2.50x	2.45x	2.39x	2.34x	2.27x	2.21x	2.14x	2.06x	1.98x	1.88x	1.77x	1.66x	1.65x
DSC - Third Mortgage plus Fees	1.89x	1.86x	1.82x	1.78x	1.74x	1.69x	1.64x	1.59x	1.54x	1.48x	1.40x	1.32x	1.24x	1.23x
DSC - Fourth Mortgage plus Fee	1.79x	1.76x	1.73x	1.69x	1.65x	1.61x	1.56x	1.51x	1.46x	1.40x	1.33x	1.26x	1.18x	1.17x
DSC - Fifth Mortgage plus Fees	1.79x	1.76x	1.73x	1.69x	1.65x	1.61x	1.56x	1.51x	1.46x	1.40x	1.14x	1.07x	1.00x	1.00x
DSC - All Mortgages and Fees	1.79x	1.76x	1.73x	1.69x	1.65x	1.61x	1.56x	1.51x	1.46x	1.40x	1.14x	1.07x	1.00x	1.00x
Financial Ratios														
Operating Expense Ratio	82.19%	82.82%	83.47%	84.12%	84.79%	85.46%	86.14%	86.82%	87.52%	88.22%	89.03%	89.84%	90.67%	90.92%
Break-even Economic Occupancy Ratio (all debt)	86.95%	87.37%	87.81%	88.26%	88.72%	89.19%	89.67%	90.16%	90.66%	91.18%	93.13%	93.73%	94.34%	94.36%

FINANCIAL COSTS:	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
OPERATING PRO FORMA														
INCOME:														
Gross Potential Rental Income	$780,524	$796,135	$812,058	$828,299	$844,865	$861,762	$878,997	$896,577	$914,509	$932,799	$951,455	$970,484	$989,894	$1,009,692
Rent Subsidy (ODR)	$11,222	$17,434	$23,995	$30,917	$38,216	$45,905	$54,000	$62,517	$71,472	$80,881	$90,762	$101,133	$112,012	$123,419
Other Income														
Miscellaneous	$5,700	$5,814	$5,930	$6,049	$6,170	$6,293	$6,419	$6,548	$6,679	$6,812	$6,948	$7,087	$7,229	$7,374
Washer/Dryer Rentals	$15,960	$16,280	$16,605	$16,937	$17,276	$17,622	$17,974	$18,334	$18,700	$19,074	$19,456	$19,845	$20,242	$20,646
Cable/Satellite Income	$7,125	$7,268	$7,413	$7,561	$7,713	$7,867	$8,024	$8,185	$8,348	$8,515	$8,686	$8,859	$9,036	$9,217
Gross Potential Income	$820,532	$842,931	$866,001	$889,764	$914,239	$939,449	$965,415	$992,160	$1,019,708	$1,048,081	$1,077,306	$1,107,408	$1,138,413	$1,170,348
Less:														
Physical Vac. Loss Percentage: 5.00%	$41,027	$42,147	$43,300	$44,488	$45,712	$46,973	$48,271	$49,608	$50,986	$52,404	$53,866	$55,371	$56,921	$58,518
Collection Loss Percentage: 1.00%	$8,206	$8,430	$8,661	$8,898	$9,143	$9,395	$9,655	$9,922	$10,198	$10,482	$10,774	$11,075	$11,385	$11,704
Total Effective Gross Income	$771,300	$792,354	$814,040	$836,377	$859,384	$883,081	$907,489	$932,630	$958,524	$985,195	$1,012,667	$1,040,962	$1,070,107	$1,100,126
EXPENSES:														
Fixed:														
Ground Lease	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Real Estate Taxes	$82,866	$85,352	$87,912	$90,550	$93,266	$96,064	$98,946	$101,914	$104,972	$108,121	$111,365	$114,706	$118,147	$121,691
Insurance	$65,344	$67,304	$69,323	$71,403	$73,545	$75,751	$78,024	$80,365	$82,776	$85,259	$87,817	$90,451	$93,165	$95,960
Variable:														
Management Fee Percentage: 6.00%	$46,278	$47,541	$48,842	$50,182	$51,563	$52,985	$54,449	$55,957	$57,511	$59,111	$60,760	$62,457	$64,206	$66,007
General and Administrative	$65,344	$67,304	$69,323	$71,403	$73,545	$75,751	$78,024	$80,365	$82,776	$85,259	$87,817	$90,451	$93,165	$95,960
Payroll Expenses	$212,368	$218,739	$225,301	$232,060	$239,022	$246,192	$253,578	$261,185	$269,021	$277,092	$285,404	$293,966	$302,785	$311,869
Utilities	$91,481	$94,226	$97,053	$99,964	$102,963	$106,052	$109,234	$112,511	$115,886	$119,363	$122,943	$126,632	$130,431	$134,344
Marketing and Advertising	$5,445	$5,609	$5,777	$5,950	$6,129	$6,313	$6,502	$6,697	$6,898	$7,105	$7,318	$7,538	$7,764	$7,997
Maintenance and Repairs/Pest Control	$65,344	$67,304	$69,323	$71,403	$73,545	$75,751	$78,024	$80,365	$82,776	$85,259	$87,817	$90,451	$93,165	$95,960
Grounds Maintenance and Landscaping	$10,891	$11,217	$11,554	$11,901	$12,258	$12,625	$13,004	$13,394	$13,796	$14,210	$14,636	$15,075	$15,527	$15,993
Contract Services	$10,891	$11,217	$11,554	$11,901	$12,258	$12,625	$13,004	$13,394	$13,796	$14,210	$14,636	$15,075	$15,527	$15,993
Security	$21,781	$22,435	$23,108	$23,801	$24,515	$25,250	$26,008	$26,788	$27,592	$28,420	$29,272	$30,150	$31,055	$31,987
Reserve for Replacements	$25,040	$25,792	$26,565	$27,362	$28,183	$29,029	$29,899	$30,796	$31,720	$32,672	$33,652	$34,662	$35,702	$36,773
Total Expenses	$703,073	$724,040	$745,636	$767,880	$790,792	$814,390	$838,697	$863,733	$889,520	$916,080	$943,438	$971,616	$1,000,639	$1,030,533
Net Operating Income	$68,226	$68,314	$68,404	$68,497	$68,592	$68,691	$68,792	$68,897	$69,004	$69,115	$69,229	$69,347	$69,468	$69,593
Debt Service Payments														
First Mortgage - FHFC SAIL	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200
Second Mortgage - FHFC SAIL/ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Third Mortgage - BPHI	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000
Fourth Mortgage - BPHI	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850
Fifth Mortgage - FCLF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
First Mortgage Fees - FHFC SAIL	$12,054	$12,098	$12,143	$12,189	$12,237	$12,286	$12,337	$12,389	$12,443	$12,499	$12,556	$12,614	$12,675	$12,737
Second Mortgage Fees - FHFC SAIL/ELI	$4,122	$4,166	$4,211	$4,257	$4,305	$4,354	$4,405	$4,457	$4,511	$4,567	$4,624	$4,682	$4,743	$4,805
Third Mortgage Fees - BPHI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fourth Mortgage Fees - BPHI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fifth Mortgage Fees - FCLF	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Total Debt Service Payments	$68,226	$68,314	$68,404	$68,497	$68,592	$68,691	$68,792	$68,897	$69,004	$69,115	$69,229	$69,347	$69,468	$69,593
Cash Flow after Debt Service	($0)	($0)	($0)	$0	($0)	$0	$0	($0)	$0	$0	$0	$0	$0	$0
Debt Service Coverage Ratios														
DSC - First Mortgage plus Fees	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x	1.83x
DSC - Second Mortgage plus Fees	1.65x	1.65x	1.65x	1.64x	1.64x	1.64x	1.64x	1.64x	1.64x	1.64x	1.63x	1.63x	1.63x	1.63x
DSC - Third Mortgage plus Fees	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x	1.23x
DSC - Fourth Mortgage plus Fee	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x	1.17x
DSC - Fifth Mortgage plus Fees	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x
DSC - All Mortgages and Fees	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x
Financial Ratios														
Operating Expense Ratio	91.15%	91.38%	91.60%	91.81%	92.02%	92.22%	92.42%	92.61%	92.80%	92.98%	93.16%	93.34%	93.51%	93.67%
Break-even Economic Occupancy Ratio (all debt)	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%	94.36%

Please note that the Development will need to draw a total of $869,230 in years 14 through 28 to maintain a 1.00x DSC for all debt and associated fees.

Natural Disaster Recovery Update
Hurricane Michael
Exhibit B

RFA	Application Number	Name of Development		Name of Applicant	Name of Developers	County	Total Units	Demo. Commitment	Current Status	Assigned Credit Underwriter	Credit Underwriting Status, if applicable
2019-109 (HOME)	2019-401BH	Tupelo Park Apartments	4,300,000.00	Tupelo Park, LP	The Paces Foundation, Inc.	Bay	47	F	Closed June 9, 2022, is under construction, 38% completed.	AmeriNat	n/a
2019-109 (HOME)	2019-404H	Tranquility at Hope School	4,479,000.00	East Lake Florida 2, LLC	Timshel Development Partners, LLC and ELCD Development, LLC	Jackson	30	F	Closed August 7, 2020 and construction is 100% completed.	Seltzer	n/a
2019-109 (HOME)	2019-405BH	Springfield Crossings	5,000,000.00	Springfield Crossings, LLC	Springfield Crossings Developer, LLC Judd Roth Real Estate Development, Inc.	Bay	60	F	Closed July 9, 2020 and construction is 100% completed.	First Housing	n/a
2019-109 (HOME)	2019-406H	Marianna Crossings	5,000,000.00	Marianna Crossings, LLC	Marianna Crossings Developer, LLC Design Consortium Development, LLC	Jackson	30	F	Closed May 20, 2021 and is under construction, 99% completed.	First Housing	n/a
2019-109 (HOME)	2019-408H	Greyes Place	4,970,890.89	Affordable Housing Solutions for Florida, Inc.	Affordable Housing Solutions for Florida, Inc. Panhandle Affordable II, LLC	Wakulla	27	F	Closed July 30, 2020 and construction is 100% completed.	AmeriNat	n/a
2019-109 (HOME)	2019-411BH	Hilltop Pointe	4,925,000.00	Hilltop Pointe, LP	Royal American Properties, LLC	Bay	50	F	Closed August 11, 2020 and construction is 100% completed.	Seltzer	n/a
2019-109 (HOME)	2019-413H	Jordan Bayou	4,998,000.00	MHP Jordan Bayou, LLC	Jordan Bayou Developer, LLC Shear Development Company, LLC Heartland Development Group, LLC	Franklin	50	F	Closed September 2, 2020 and construction is 100% completed.	First Housing	n/a
2019-111 (RRLP)	2020-068BR	The Park at Massalina fka The Park at Palo Alto	8,400,000	The Park at Palo Alto, LLC	Royal American Properties, LLC ; InVictus Development, LLC; PCHA Developer, LLC	Bay	120	F	Closed February 16, 2022, 93% completed.	First Housing	n/a
2019-111 (RRLP)	2020-069BR	Fletcher Black	6,889,900	Fletcher Black Redevelopment, LLC	Royal American Properties, LLC; InVictus Development, LLC; PCHA Developer, LLC	Bay	100	F	Closed December 15, 2022, 9% completed.	First Housing	n/a
2019-111 (RRLP)	2020-071BR	The Arbors fka Arbors at Lynn Haven Bluffs	9,660,000	SP Bluffs LLC	Southport Development, Inc. a WA corporation doing business in FL as Southport Development Services, Inc.	Bay	138	F	Closed February 9, 2022, 72% completed.	Seltzer	n/a
2019-111 (RRLP)	2020-072BR	Bridge Plaza Apartments	7,100,000	SP Bay LLC	Southport Development, Inc. a WA corporation doing business in FL as Southport Development Services, Inc.	Bay	102	F	Closed December 23, 2021, 89% completed.	Seltzer	n/a
2019-111 (RRLP)	2020-074BR	Magnolia Oaks	5,985,000	MHP Magnolia Oaks, LLC	MHP Magnolia Oaks Developer, LLC	Leon	110	F	Closed July 14, 2021, 98% completed.	AmeriNat	n/a
2019-111 (RRLP)	2020-075RN	New River Landing	4,988,724	MHP New River Landing, LLC	MHP New River Landing Developer, LLC	Franklin	30	F	Applicant returned funds 6/21/2023.	AmeriNat	n/a
2019-111 (RRLP)	2020-076BR	Sovereign at North Bay fka Bid-A-Wee Apartments	6,114,900	Bid-A-Wee Apartments, LLC	Bid-A-Wee Developer, LLC and N Vision Communities, Inc.	Bay	144	F	Closed 6/8/2023, 1% completed.	AmeriNat	n/a

Hurricane Ian- Progress Report on Reconstruction and Re-housing of Displaced Households as of 6/15/2023

Displaced HHs with Catastrophic, Extensive, or Moderate Damage

HFA#	Event	FEMA IA County	Property-HDR	City	County	Ttl Units HDR	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Construction Progress as of 6/15/2023	Households Displaced at 6/15/2023
2513	Hurricane Ian	Yes	Kissimmee Homes	Kissimmee	Osceola	104		97	97	CATASTROPHIC	The first group of 11 units is anticipated to be completed on 3/6/2023. All units scheduled for completion by 6/23/2023. As of 3/31/2023, 12 units are complete and awaiting fire extinguisher inspection prior to CO being issued. Inspection scheduled for 4/17/2023. Anticipate completion date is still 6/23/2023. As of 5/15/2023, 13 units are complete, 6 of those have been reoccupied. As of 6/15/2023, 16 units are complete and ready for occupancy. Anticipated completion date is 10/31/2023.	81
1127	Hurricane Ian	Yes	McPines	Arcadia	Desoto	64	2	2	1	MODERATE	Interior drywall and painting is complete. Ready for cabinets, doors, light fixtures and appliances. Exterior siding work worked has started. Anticipated completion date for all work is 5/31/2023. As of 5/15/2023, two (2) units continue to be out of service awaiting roof repairs. As of 6/15/2023, two (2) units continue to be out of service awaiting roof repairs.	1
2278	Hurricane Ian	Yes	Renaissance Phase II	Ft. Myers	Lee	96	15	18	6	EXTENSIVE	All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers (HACFM). As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024. As of 6/15/2023, owner was still waiting on funds from FEMA and/or insurance carrier to commence work. Anticipated completion date continues to be early 2024.	0

Hurricane Ian- Progress Report on Reconstruction and Re-housing of Displaced Households
as of 6/15/2023

Displaced HHs with Catastrophic, Extensive, or Moderate Damage

HFA#	Event	FEMA IA County	Property-HDR	City	County	Ttl Units HDR	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Construction Progress as of 6/15/2023	Households Displaced at 6/15/2023
2466	Hurricane Ian	Yes	Renaissance Phase III	Ft. Myers	Lee	88	8	11	4	EXTENSIVE	All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers (HACFM). As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024. No change as of 6/15/2023.	0
2710	Hurricane Ian	Yes	Renaissance Phase IV	Ft. Myers	Lee	88	8	11	3	EXTENSIVE	All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers (HACFM). As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024. As of 5/15/2023, two (2) units continue to be out of service awaiting roof repairs.	0
1608	Hurricane Ian	Yes	Valencia Gardens	Wauchula	DeSoto	104	1	16	15	CATASTROPHIC	Sixteen (16) units destroyed by fire due to the Hurricane. No anticipated completion date. Seven (7) households were re-housed at Valencia Gardens. As of 3/31/2023, debris removal has started. Bids for reconstruction of the building are being reviewed. A contract should be finalized by 4/30/2023. As of 5/15/2023, the building site was cleared of all debris. As of 6/15/2023, owner and insurance carrier are working to finalize contracts for reconstruction.	9
213	Hurricane Ian	Yes	Crossings at Cape Coral	Cape Coral	Lee	168	9	35	0	EXTENSIVE	Interior work started 2/6/2023. Roof work will begin 3/5/2023. Anticipated completion date of all work is 4/30/2023. As of 3/31/2023, completion date is pushed out to 8/1/2023 due to vendor delays and material supply issues. As of 5/15/2023, interior unit work in five (5) buildings has been completed with 3 remaining. Three (3) buildings have been waterproofed and are awaiting permits to start shingle work. Anticipated completion date is 8/15/2023. No change as of 5/15/2023. As of 6/15/2023, all work has been completed.	0

Hurricane Ian- Progress Report on Reconstruction and Re-housing of Displaced Households
as of 6/15/2023

Displaced HHs with Catastrophic, Extensive, or Moderate Damage

HFA#	Event	FEMA IA County	Property-HDR	City	County	Ttl Units HDR	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Construction Progress as of 6/15/2023	Households Displaced at 6/15/2023
1557	Hurricane Ian	Yes	Desoto Landing	Arcadia	Desoto	48	6	10	0	EXTENSIVE	Waiting on Insurance adjuster for final scope of work. Major roof repairs and some interior work, primarily flooring replacement. No anticipated completion date. As of 3/31/2023, all interior work is complete. Roof replacement contract is executed; currently waiting on permits to begin work. Anticipated duration of roof replacement work is 60 days As of 5/15/2023, two (2) of (4) buildings requiring roof replacement are complete. Remaining roof on two (2) building is planned to be completed by 5/31/2023 . All work was completed as of 6/15/2023.	0
1858	Hurricane Ian	Yes	Heron Cove	Arcadia	Desoto	64	8	60	0	EXTENSIVE	As of 3/31/2023, interior flooring replacement is complete. Waiting on permits in order to begin roof replacement work. Anticipated duration of roof replacement work is 60-days. The property has obtained permits for roof replacement which is anticipated to be completed by 6/23/2023. No change as of 5/15/2023. All work was completed as of 6/15/2023.	0
2010	Hurricane Ian	Yes	Renaissance Senior	Ft. Myers	Lee	120	1	8	0	EXTENSIVE	All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers (HACFM). As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024. No change as of 5/15/2023. As of 6/15/2023, owner and insurance carrier were working to finalize contracts for reconstruction.	0

Hurricane Ian- Progress Report on Reconstruction and Re-housing of Displaced Households
as of 6/15/2023

Displaced HHs with Catastrophic, Extensive, or Moderate Damage

HFA#	Event	FEMA IA County	Property-HDR	City	County	Ttl Units HDR	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Construction Progress as of 6/15/2023	Households Displaced at 6/15/2023
634	Hurricane Ian	Yes	Seven Palms	Punta Gorda	Charlotte	336	42	168	0	EXTENSIVE	Roof replacement began 2/27/2023. Anticipated completion date is 6/30/2023. As of 3/31/2023, the anticipated completion date has been pushed out to 10/31/2023 due to permitting and inspection delays. As of 5/15/2023, roof work continued on schedule for a 10/31/2023 completion date. As of 6/15/2023, 27 of 42 damaged buildings have been restored. The final phase of work includes 15 residential buildings, the clubhouse, mail kiosk, gazebo and maintenance building and is scheduled for a 10/31/2023 completion date.	0

Hurricane Eta (FEMA-3551_FL) Damage Assessment
as of June 15, 2023

Development	City	County	Demographic	# Units	Damage reported	Current Status	# Displaced Households
Glorieta Gardens	Opa Locka	Miami-Dade	Family	330	Flood damage to first floor units of two (2) buildings	The Local government has agreed to issue permits to begin demolition work. However, commencement of work is dependent on a damaged, storm drain line that extends from the property to a city-owned canal. As of 2/15/2021, building permit are secured and all tenants have been relocated. Owners anticipate having the units back on line by April 30, 2021. As of 4/9/2021, the tenants have all been relocated to either a hotel or another unit at the development. Owner anticipates completion of interior demolition work by May 31, 2021. All units are anticipated to be back in service by June 30, 2021. As of 5/15/2021, the completion has been extended to 7/31/2021. There are now 28 tenants currently displaced. As of 6/30/2021, there are now 26 tenants currently displaced. The anticipated completion date is still 7/31/2021. There are now 19 tenants currently displaced. Anticipated completion date is October 31, 2021. As of 9/30/2021, there are 43 units out of service. There are now 15 households currently displaced. There are now 13 tenants currently displaced. No work was completed due to shortage in supply/material. Contractors have placed material and supply orders directly through the manufacturers to expedite delivery. Anticipated completion date is March 31, 2022. As of 2/15/2022, there are remain 13 households displaced and the anticipated completion date continues to be 3/31/2022. As of 3/31/2022, 13 residents are in hotels. Seven (7) units were ready for move-in on 3/31/2022. However, inspection backlogs within the City of Opa Locka Building Dept. have delayed receipt of COs. As of 5/31/2022, 24 units are still out of service and 8 households remain displaced. However, by Thursday, 6/2 only one tenant will remain in a hotel. Pending additional site work, the new anticipated completion date is June 30, 2022. As of 8/31/2022, 16 units remain out of service with 1 household displaced. As of 3/31/2023, one(1) unit remains out-of-service from flooding caused by Hurricane Eta. No households displaced. As of 5/15/2023, one (1) unit remains out-of-service while awaiting air quality testing and final inspection. According to management, as of 6/15/2023, the unit has been fully inspected and a new tenant has a scheduled move-in date of June 28th.	0