Florida Housing Finance Corporation

Credit Underwriting Report

Garden View Apartments

COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
FINANCING FOR WORKFORCE HOUSING FOR HURRICANE RECOVERY
IN MONROE COUNTY

RFA 2019-101 (2020-001D)

Prepared by

Seltzer Management Group, Inc.

Final Report

April 21, 2021

GARDEN VIEW APARTMENTS

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Section A

Report Summary

Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing") fund a Community Development Block Grant – Disaster Relief ("CDBG-DR") loan in the amount of $11,600,000 to be utilized for the construction and permanent financing of Garden View Apartments ("Development" or "Property").

DEVELOPMENT & SET-ASIDES

Development Name: Garden View Apartments

RFA/Program Numbers: RFA 2019-101 / 2020-001D

Address: 5220, 5224, 5228, 5230 College Road

City: Key West Zip Code: 33040 County: Monroe County Size: Small

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

Construction Type: Concrete Block with Stucco

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

The Demographic Commitment is Workforce Housing.

Unit Composition:
# of ELI Units: 11 ELI Units Are Restricted to 25% AMI, or less. Total # of units with PBRA? 0
# of Link Units: 6 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 0

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	11	611	25%			$472	$193	$279		$279	$279	$279	$36,828
1	1.0	92	611	80%			$1,510	$193	$1,317		$1,317	$1,317	$1,317	$1,453,968
		103	62,933											$1,490,796

This property was a Priority I application to the RFA, therefore the Applicant agreed that the Development will include the income and set-aside units in perpetuity, which has been defined as at least 99 years. Applicant will also be responsible for compliance monitoring fees for 50 years.

Persons with Special Needs Set-Aside Commitment: The proposed Development must set aside fifty percent (50%) of the ELI Set-Aside units (6 units) as Link Units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link Units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one Florida Housing designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed Development will be located (Monroe County). The execution deadline of the MOU was due July 1, 2020, however the Applicant received an extension from FHFC to June 1, 2021.

The Applicant must set aside ten percent (10%) of the total units (11 units) as ELI set-aside units. The units set aside for Link Units for Persons with Special Needs and ELI set-aside units must be maintained in perpetuity.

CDBG-DR Subsidy Limits – Monroe County:

103	1 Bedroom	$248,828	$25,629,284
103			$25,629,284

Buildings: Residential - 3 Non-Residential - 0
Parking: Parking Spaces - 125 Accessible Spaces - 8

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
CDBG-DR Assisted Units/ELI	10.0%	11	25%	99
CDBG-DR Assisted Units	90.0%	92	80%	99

Absorption Rate 20 units per month for 5.0 months.

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

DDA: Yes QCT: No Multi-Phase Boost: No QAP Boost: No
Site Acreage: 2.66 Density: 38.6637 Flood Zone Designation: AE
Zoning: Mixed Use Flood Insurance Required?: Yes

DEVELOPMENT TEAM		
Applicant/Borrower:	The Housing Authority of the City of Key West, Florida	% Ownership
Executive Director	Randy Sterling	100.0000%
Construction Completion Guarantor(s):		
CC Guarantor 1:	The Housing Authority of the City of Key West, Florida	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	The Housing Authority of the City of Key West, Florida	
Developer:	The Housing Authority of the City of Key West, Florida	

DEVELOPMENT TEAM (cont)	
General Contractor 1:	Gulf-Keystar, a Florida Joint Venture LLC
Management Company:	The Housing Authority of the City of Key West, Florida
Architect:	William P. Horn Architect, 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						
Lender/Grantor	Truist	FHFC-CDBG-DR	MCLA	City of Key West		
Amount	$9,212,084	$11,600,000	$6,507,916	$3,600,000		
Underwritten Interest Rate	2.61%	0.00%	0.00%	0.00%		
All In Interest Rate						
Loan Term	8.0	20.0	0.0	0.0		
Amortization	30.0	N/A	N/A	0.0		
Market Rate/Market Financing LTV	33.2%	75.1%	111.6%	111.6%		
Restricted Market Financing LTV	70.8%	160.0%	237.7%	237.7%		
Loan to Cost - Cumulative	29.7%	67.1%	88.1%	99.7%		
Debt Service Coverage	1.684	1.633	1.633	1.633		
Operating Deficit & Debt Service Reserves	$0.00					
# of Months covered by the Reserves	0.0					

Deferred Developer Fee	$89,021
As-Is Land Value	$5,150,000
As-Is Value (Land & Building)	$0
Market Rent/Market Financing Stabilized Value	$27,710,000
Rent Restricted Market Financing Stabilized Value	$13,010,000
Projected Net Operating Income (NOI) - Year 1	$746,223
Projected Net Operating Income (NOI) - 15 Year	$877,673
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	Truist	$9,212,084	$9,212,084	$89,438
CDBG-DR	FHFC	$11,600,000	$11,600,000	$112,621
Grant	MCLA	$6,507,916	$6,507,916	$63,184
Grant	CIty of Key West	$3,600,000	$3,600,000	$34,951
Deferred Developer Fee	Applicant	$89,021	$89,021	$864
TOTAL		$31,009,021	$31,009,021	$301,058

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?	X	
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?		
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?	X	
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the Development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	N/A	
Is the Development in all other material respects the same as presented in the Application?		1

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

1. Various forms in the application refers to 104 units; however, only 103 units will be constructed.

These changes have no substantial material impact to the CDBG-DR recommendations for this Development.

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

The FHFC Past Due Report dated March 31, 2021 reflects no past due items for the Development Team.

The FHFC Asset Management Noncompliance Report dated June 9, 2020 reflects the following noncompliance items for the Development Team:

1. Eastwind – Annual Review
    a. Failure to provide Development amenities due to damage as a result of a Major Disaster (Hurricane Irma)
    b. Failure to meet uniform physical condition standards for buildings as a result of a Major Disaster (Hurricane Irma)
2. Tropical Isle – Annual Review
    a. Failure to provide Development amenities due to damage as a result of a Major Disaster (Hurricane Irma)

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to the loan closing.

Strengths:

1. Per the Market Study, there is adequate demand for affordable housing in the subject's Primary Market Area ("PMA").
2. The Applicant is experienced in affordable multifamily housing.

Other Considerations: None

Waiver Requests/Special Conditions:

1. Per an email dated March 22, 2021 a request was made to allow for more than 20% of the construction cost to be subcontracted to one entity, unless otherwise approved by the Corporation. According to GLE Associates, Inc. ("GLE"), the construction consultant that performed the Plan and Cost Analysis ("PCA") for the Development, it was reported that the building shell subcontractor, American Empire Builder's Inc. ("AEB"), is to receive approximately 29% of the total construction cost. GLE is of the opinion that it is not uncommon on this type of project for a single subcontractor to perform all of the shell construction. In addition, GLE reports this percentage should pose no significant risk to the completion of the project as long as the shell subcontractor provides insurance and bond protection to the Owner that are of equal value to the value limits required of the General Contractor to the Owner.

Additional Information:

1. The Applicant, Developer and Management company are all the same entity, The Housing Authority of the City of Key West, Florida.
2. The United States is currently under a national emergency due to the spread of the virus known as COVID-19. The extent of the virus' impact to the overall economy is unknown. More specifically, it is unknown as to the magnitude and timeframe the residential rental market (e.g. absorption rates, vacancy rates, collection losses, appraised value, etc.) and the construction industry (e.g. construction schedules, construction costs, subcontractors, insurance, etc.) will be impacted. Recommendations made by Seltzer in this report, in part, rely upon assumptions made by third-party reports that are unable to predict the impacts of the virus.

Issues and Concerns:

1. Environmental

   Per the Phase I and Phase 2 Environmental Site Assessments completed by Tetra Tech, Inc. (“Tetra”), the planned Development is on the former Mosquito Control site. This could negatively impact portions of the subject site.

Mitigating Factors:

1. Environmental

   There is currently a HUD Part 58 Environmental Assessment in process. Tetra received an “Provisional No Further Action Proposal Approval from the Florida Department of Environmental Projection dated September 15,2020.

Recommendation:

SMG recommends a CDBG-DR loan in the amount of $11,600,000. 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 CDBG-DR Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

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

Prepared by:

Justin Coles
Associate Credit Underwriter

Reviewed by:

Cindy Highsmith
Credit Underwriting Manager

Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	Truist	$9,700,000	$9,212,084	$9,212,084	2.61%	$325,790
CDBG-DR	FHFC	$11,600,000	$11,600,000	$11,600,000	0.00%	$0
Grant	MCLA	$6,507,916	$6,507,916	$6,507,916	0.00%	$0
Grant	CIty of Key West	$3,600,000	$3,640,000	$3,600,000	0.00%	$0
Deferred Developer Fee	Applicant	$64,250	$0	$89,021		
Total		**$31,472,166**	**$30,960,000**	**$31,009,021**		**$325,790**

First Mortgage – MMRN Construction Loan:

The Housing Authority of the City of Key West, Florida will issue tax exempt essential function bonds for affordable housing through a private placement, which Truist Bank ("Truist") will purchase and lend back to the Housing Authority as Borrower. Under this structure, there will be no Issuer fees, cost of issuance, Trustee or Trustee fees. Per an executed Commitment dated February 11, 2021, Truist will fund a non-revolving construction to term loan in the amount of $9,212,084. The proceeds will fund the construction of the Development. The loan will be interest-only during the first 24 months, with monthly principal and interest payments due after based on a 30 year amortization. The entire outstanding balance of the loan due and payable in full at the end of the 96th month following the start of the principal and interest period. The interest rate for the loan during the construction period will be a fixed rate equal to the One Month London Interbank Offered Rate ("LIBOR") (currently estimated at 0.11%) and a spread of 2.25% at the date of determination. For underwriting purposes SMG included a 25 basis point (0.25%) cushion for an "all-in" interest rate during the construction period of 2.61%.

Other Construction Sources of Funds:

Additional construction sources of funds for this Development consist of CDBG-DR funds in the amount of $11,600,000, a Grant from the Monroe County Land Authority in the amount of $6,507,916, a Grant from the City of Key West in the amount of $3,600,000, and deferred Developer Fees in the amount of $89,021. See the Permanent Financing section below for details.

Construction/Stabilization Period:

Based upon demographic and market analysis, including existing Developments, the appraiser projects absorption at a rate of approximately 20 units per month. The construction phase is anticipated to last 540 calendar days (approximately 18 months). A stabilized occupancy rate of 96% is expected. Stabilization is anticipated to occur within 5 months of construction completion. For purposes of this Credit Underwriting, Seltzer assumes a 18-month construction and 6 month stabilization period.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	Truist	$9,700,000	$9,212,084	$9,212,084	2.61%	30	8	$443,135
CDBG-DR	FHFC	$11,600,000	$11,600,000	$11,600,000	0.00%	N/A	20	$0
Grant	MCLA	$6,507,916	$6,507,916	$6,507,916	0.00%	N/A		$0
Grant	City of Key West	$3,600,000	$3,640,000	$3,600,000	0.00%			$0
Def. Developer Fee	Applicant	$64,250	$0	$89,021				
Total		**$31,472,166**	**$30,960,000**	**$31,009,021**				**$443,135**

First Mortgage - MMRN Permanent Financing

The Housing Authority of the City of Key West, Florida will issue tax exempt essential function bonds for affordable housing through a private placement, which Truist Bank ("Truist") will purchase and lend back to the Housing Authority as Borrower. Under this structure, there will be no Issuer fees, cost of issuance, Trustee or Trustee fees. Per an executed Commitment dated February 11, 2021, Truist will fund a non-revolving construction to term loan in the amount of $9,212,084. The proceeds will fund the construction of the Development. The loan will be interest-only during the first 24 months, with monthly principal and interest payments due after based on a 30 year amortization. The entire outstanding balance of the loan due and payable in full at the end of the 96th month following the start of the principal and interest period. The interest rate for the loan during the construction period will be a fixed rate equal to the One Month London Interbank Offered Rate ("LIBOR") (currently estimated at 0.11%) and a spread of 2.25% at the date of determination. For underwriting purposes SMG included a 25 basis point (0.25%) cushion for an "all-in" interest rate during the construction period of 2.61%.

CDBG-DR Financing

The Applicant has applied to Florida Housing for $11,600,000 in CDBG-DR ("Loan") financing for the construction and permanent financing of this Development. The Loan shall be non-amortizing and shall have an interest rate of 0% per annum for a term of 20 years. The Loan will not require payment for as long as the proposed Development remains in Compliance. The loan will be forgiven after 20 years.

Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount with a maximum of $883 per month, subject to a minimum of $222 per month; and an Annual Compliance Monitoring Fee of a monthly base fee of $173 and an additional fee per set-aside unit of $10.59 per year, subject to a minimum of $270 per month, and subject to an annual increase based on the South Region Consumer Price Index not to exceed 3% of the prior year's fee. Compliance monitoring fees will be for a term of 50 years.

Monroe County Land Authority Grant

Per an executed Local Government Verification of Contribution form Resolution 19-318, the Monroe County Land Authority ("MCLA") will disburse $6,507,916 for the construction financing of the Development. The Resolution dated October 16, 2019 allows for disbursements in increments to exceed $2,000,000 as approved by city staff to allow Development activities to proceed in advance of FHFC's credit underwriting process. The use of the MLCA funding requires income restrictions not to exceed 160% AMI. MCLA does not expect to be repaid or reimbursed by the Applicant or any other entity.

City of Key West Grant

Per an executed Local Government Verification of Contribution form and Resolution 19-086, the City of Key West will provide a $3,600,000 Grant to the Borrower for the acquisition of the subject property. The use of this funding requires rent and income restrictions, none of which are more restrictive than the CDBG-DR restrictions. The City of Key West does not expect to be repaid or reimbursed by the Applicant or any other entity.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds have been received, the Developer will have to defer $89,021 of Developer Fees.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Accessory Buildings				$0	
Demolition	$110,000	$165,302		$0	
Installation of Pre Fab Units				$0	
New Rental Units	$18,472,297	$15,608,069	$15,615,229	$151,604	
Off-Site Work				$0	
Recreational Amenities				$0	
Rehab of Existing Common Areas				$0	
Rehab of Existing Rental Units				$0	
Site Work	$1,566,329	$2,466,760	$2,459,600	$23,880	$491,920
Swimming Pool				$0	
Furniture, Fixture, & Equipment				$0	
Hard Cost Contingency - in Constr. Cont.				$0	
Constr. Contr. Costs subject to GC Fee	$20,148,626	$18,240,131	$18,074,829	$175,484	$491,920
General Conditions	$2,556,694	$1,902,460	$1,060,487	$10,296	
Overhead			$315,000	$3,058	
Profit			$526,973	$5,116	
Builder's Risk Insurance		$249,902	$249,902	$2,426	
General Liability Insurance		$122,960	$122,960	$1,194	
Payment and Performance Bonds		$129,915	$129,915	$1,261	
Contract Costs not subject to GC Fee				$0	
Total Construction Contract/Costs	$22,705,320	$20,645,368	$20,480,066	$198,836	$491,920
Hard Cost Contingency	$1,040,939	$882,838	$882,838	$8,571	$882,838
PnP Bond paid outside Constr. Contr.				$0	
Fees for LOC used as Constr. Surety				$0	
Demolition paid outside Constr. Contr.			$165,302	$1,605	
FF&E paid outside Constr. Contr.		$100,000	$100,000	$971	
Other:				$0	
Total Construction Costs:	**$23,746,259**	**$21,628,206**	**$21,628,206**	**$209,983**	**$1,374,758**

Notes to the Construction Costs:

1. Please note the HOME Ineligible Costs-CUR columns throughout the CUR are actually for CDBG-DR Ineligible Costs.
2. The Applicant has provided a construction contract dated January 27, 2021 between the Owner and Gulf-Keystar where the basis for payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price in the amount of $20,480,066. The date of commencement is a date set forth in a notice to proceed issued by the Owner. The General Contractor shall achieve substantial completion no later than 540 days from the date of commencement. Retainage calculation methodology is not included in the draft construction contract; however, Seltzer understands that the executed version Retainage shall be limited to 10% of the contract amount. Final payment will be made when the contract has been fully performed, the General Contractor has submitted final accounting for the Cost of the Work and a final Certificate for Payment has been issued by the Architect. The Owner’s final payment to the Contractor shall be made no later than 30 days after the Architect’s final Certificate for Payment.

An exhibit to the contract provides for compliance with the Federal Labor Standards and Wage Determination requirements pursuant to the Davis-Bacon Act as well as the Section 3 Clause.

General Contractor fees as stated are within the 14% maximum per the Rule. General liability insurance will be covered by the general contractor under General Conditions. Cost of the payment and performance bond will be paid by the Owner.

SMG received the General Contractors Certification of Requirements indicating an understanding of the GC conditions per the RFA.

3. General Contractor fees as stated are within the 14% maximum per the RFA.
4. The Hard Cost Contingency is within the 5% maximum as established by the RFA.
5. Demolition paid outside Construction Costs is the exact number per the Applicant.
6. FF&E paid outside the Construction Contract will provide FF&E for the office furniture and equipment, community space furniture, maintenance equipment, cleaning equipment and landscape equipment.
7. SMG engaged a Plan and Cost Review ("PCR") from GLE Associates, Inc. ("GLE"). Complete results are set forth in Section C of this report.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Accounting Fees	$10,000	$15,000	$15,000	$146	
Appraisal	$15,000	$14,200	$10,500	$102	
Architect's and Planning Fees				$0	
Architect's Fee - Green Initiative				$0	
Architect's Fee - Landscape				$0	
Architect's Fee - Site/Building Design	$646,081	$916,875	$916,876	$8,902	
Architect's Fee - Supervision	$209,727	$238,211	$238,211	$2,313	
Building Permits	$373,610	$373,610	$373,610	$3,627	
Builder's Risk Insurance	$40,000			$0	
Capital Needs Assessment/Rehab				$0	
Engineering Fees	$315,560	$5,000	$5,000	$49	
Environmental Report	$10,000	$13,328	$13,328	$129	
Federal Labor Standards Monitoring				$0	
FHFC Administrative Fees				$0	
FHFC Application Fee	$1,500	$1,500	$1,500	$15	$1,500
FHFC Credit Underwriting Fee	$14,082	$14,082	$14,082	$137	$14,082
FHFC Compliance Fee	$3,156			$0	
FHFC Other Processing Fee(s)				$0	
Impact Fee	$921,454	$1,129,015	$1,129,015	$10,961	
Lender Inspection Fees / Const Admin	$28,000	$60,000	$60,000	$583	$60,000
Green Building Cert. (LEED, FGBC, NGBS)	$85,000	$85,000	$85,000	$825	
Home Energy Rating System (HERS)				$0	
Insurance	$212,000			$0	
Legal Fees - Organizational Costs	$60,000	$225,000	$225,000	$2,184	
Local Subsidy Underwriting Fee				$0	
Market Study		$11,800	$10,900	$106	
Marketing and Advertising		$25,000	$25,000	$243	$25,000
Plan and Cost Review Analysis			$13,800	$134	
Property Taxes				$0	
Soil Test	$10,000	$16,771	$16,771	$163	
Survey	$15,000	$40,000	$40,000	$388	
Tenant Relocation Costs				$0	
Title Insurance and Recording Fees	$15,000	$150,000	$150,000	$1,456	
Traffic Study				$0	
Utility Connection Fees	$350,000			$0	
Soft Cost Contingency	$125,000	$160,902	$160,902	$1,562	$160,902
Other: Art in Public Places	$207,561			$0	
Total General Development Costs:	**$3,667,731**	**$3,495,294**	**$3,504,495**	**$34,024**	**$261,484**

Notes to the General Development Costs:

1. Appraisal reflects the cost of the report engaged by SMG.
2. Architect's Fees for architecture and engineering design services reflect the fees as stipulated in the executed proposal for professional services dated February 22, 2019, provided by William P. Horn Architect, P.A.
3. Engineering Fees reflect the fees as stipulated in the executed proposal for professional services dated February 22, 2019, provided by William P. Horn Architect, P.A.

4. Green Building Cert. Fees reflect the fees as stipulated in the executed contract provided by Trifecta Construction Solutions ("Trifecta"), for Garden View Apartments.
5. Building Permits reflects the professional estimate as provided by the Borrower's Architects, based on Construction Type, Project Size Threshold, Class, and Occupancy Type, which appears reasonable.
6. The FHFC Application Fee is reflective of the application fee for CDBG-DR. The total FHFC Credit Underwriting Fee is $14,082, as stated in the FHFC Invitation to Credit Underwriting. FHFC Compliance fee is paid annually by the Applicant.
7. Market Study figure reflects the cost of the report engaged by SMG.
8. Plan and Cost Review Analysis figure reflects the cost of the report engaged by SMG.
9. Soft cost contingency is within the 5% as allowed per Rule.
10. Other General Development Costs are based on the Borrower's estimates, which appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Construction Loan Application Fee				$0	
Construction Loan Underwriting Fee				$0	
Construction Loan Origination Fee	$24,250	$21,500	$23,030	$224	
Construction Loan Commitment Fee				$0	
Construction Loan Closing Costs		$50,000	$50,000	$485	
Construction Loan Interest		$300,000	$325,790	$3,163	
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	$20,000			$0	
Permanent Loan Interest				$0	
Permanent Loan Servicing Fee				$0	
Legal Fees - Financing Costs				$0	
Negative Arbitrage				$0	
Forward Rate Lock Fee				$0	
Placement Agent/Underwriter Fee				$0	
Initial TEFRA Fee				$0	
FHA MIP (Prepayment)				$0	
FHA Exam Fee				$0	
NIBP Commitment Fee				$0	
Other: Additonal Closing Costs fees	$23,258			$0	
Other: CDBG-DR FHFC Closing Costs			$12,500	$121	
Total Financial Costs:	**$67,508**	**$371,500**	**$411,320**	**$3,993**	**$0**
Dev. Costs before Acq., Dev. Fee & Reserves	**$27,481,498**	**$25,495,000**	**$25,544,021**	**$248,000**	**$1,636,242**

Notes to the Financial Costs:

1. Construction Loan Origination Fee is equal to 0.25% of the construction/term loan amount, in accordance with the Truist commitment dated February 11, 2021.

2. Construction Loan Interest is based on an 18-month construction period, with a 24-month stabilization period.
3. The CDBG-DR Closing Costs include the estimated fees for FHFC's legal Counsel.
4. Other Financial Costs are based on the Borrower's estimates, which appear reasonable.

DEVELOPER FEE ON NON-ACQUISTION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Developer Fee - Unapportioned	$350,668	$1,500,000	$1,500,000	$14,563	
DF to fund Operating Debt Reserve				$0	
DF to Brokerage Fees - Land				$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	
Total Other Development Costs:	**$350,668**	**$1,500,000**	**$1,500,000**	**$14,563**	**$0**

Notes to the Other Development Costs:

1. Developer Fee of $1,500,000, does not exceed the maximum Developer Fee of 16% established by the RFA, exclusive of land acquisition, Developer Fee, and Reserves.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Brokerage Fees - Land				$0	
Land Acquisition Cost				$0	
Land	$3,640,000	$3,640,000	$3,640,000	$35,340	
Land Lease Payment				$0	
Land Carrying Costs				$0	
Other:				$0	
Total Acquisition Costs:	**$3,640,000**	**$3,640,000**	**$3,640,000**	**$35,340**	**$0**

Notes to the Land Acquisition Costs:

1. The Applicant presented a Commercial Contract between the City of Key West (Seller) and the Applicant dated May 2, 2019, reflecting a purchase price of $3,640,000. The Addendum thereto provided a closing date of 90 days after approval of all necessary financing (with all time to appeal FHFC's allocations), however, in no event less than 6 months from the Application Deadline for RFA 2019-101 CDBG-DR funding. The Second Addendum corrected various scrivener's errors in the Addendum

2. The March 8, 2021 appraisal report by Meridian concluded an "As-is" Fee Simple Land Value of $5,150,000 for the Garden View Apartments site which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
ACC Reserve (Lender)				$0	
ACC Reserve (Syndicator)				$0	
Operating Deficit Reserve (FHFC)				$0	
Operating Deficit Reserve (Lender)				$0	
Operating Deficit Reserve (Syndicator)				$0	
Debt Service Coverage Reserve (FHFC)				$0	
Debt Service Coverage Reserve (Lender)				$0	
Debt Service Coverage Reserve (Syndicator)				$0	
Replacement Reserves (FHFC)				$0	
Replacement Reserves (Lender)				$0	
Replacement Reserves (Syndicator)				$0	
Reserves - Start-Up/Lease-up Expenses		$75,000	$75,000	$728	$75,000
Reserves - Working Capital				$0	
Other: Perm Insurance Reserve		$250,000	$250,000	$2,427	$250,000
Total Reserve Accounts:	**$0**	**$325,000**	**$325,000**	**$3,155**	**$325,000**

Notes to the Reserve Accounts Costs:

1. Reserves – Start-Up/Lease-Up Expenses – Per the Borrower's estimate, a reserve of $75,000 shall be capitalized at or prior to construction completion and will fund any operating shortfalls during lease-up.

2. Other: Perm Insurance Reserve – Per the Borrower's estimate, a reserve of $250,000 shall be capitalized at or prior to construction completion and will fund the purchase of insurance prior to lease-up.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	**$31,472,166**	**$30,960,000**	**$31,009,021**	**$301,058**	**$1,961,242**

Notes to the Total Development Costs:

1. Per the RFA, Total Development Costs ("TDC") is limited on a per unit basis, inclusive of any add-on, multiplier, and escalation adjustment ($531,603.60) based on the construction type of the units as indicated by the Applicant. Per an analysis of the approved Development costs, identified in this report, the costs presented ($265,718.65) do not exceed the maximum allowable TDC per the RFA.

2. Since the time of application, anticipated Total Development Costs have decreased by $463,145, from $31,472,166 to $31,009,021, due mainly to a decrease construction costs.

Operating Pro forma

	OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income		$1,490,796	$14,474
	Rent Subsidy (ODR)		$0	$0
	Other Income:			
	Ancillary Income		$12,360	$120
	Miscellaneous		$0	$0
	Alarm Income		$0	$0
	Gross Potential Income		$1,503,156	$14,594
	Less:			
	Economic Loss - Percentage:	0.0%	$0	$0
	Physical Vacancy Loss - Percentage:	4.0%	($60,126)	($584)
	Collection Loss - Percentage:	1.0%	($15,032)	($146)
Total Effective Gross Revenue			$1,427,998	$13,864
EXPENSES	Fixed:			
	Ground Lease		$0	$0
	Sub-Ground Lease		$0	$0
	Real Estate Taxes		$0	$0
	Insurance		$206,000	$2,000
	Other		$0	$0
	Variable:			
	Management Fee - Percentage:	5.0%	$71,400	$693
	General and Administrative		$41,200	$400
	Payroll Expenses		$158,720	$1,541
	Utilities		$72,100	$700
	Marketing and Advertising		$8,755	$85
	Maintenance and Repairs		$51,500	$500
	Grounds Maintenance and Landscaping		$30,900	$300
	Resident Programs		$0	$0
	Contract Services		$10,300	$100
	Security		$0	$0
	Other-Pest Control		$0	$0
	Reserve for Replacements		$30,900	$300
Total Expenses			$681,775	$6,619
Net Operating Income			$746,223	$7,245
Debt Service Payments				
DEBT SERVICE	First Mortgage -		$443,135	$4,302
	Second Mortgage -		$0	$0
	All Other Mortgages -		$0	$0
	First Mortgage Fees -		$0	$0
	Second Mortgage Fees -		$13,836	$134
	All Other Mortgages Fees -		$0	$0
Total Debt Service Payments			$456,971	$4,437
Cash Flow After Debt Service			$289,252	$2,808

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.684
DSC - Second Mortgage plus Fees	1.633
DSC - All Mortgages and Fees	1.633

Financial Ratios	
Operating Expense Ratio	47.7%
Break-Even Ratio	76.0%

Notes to the Operating Pro forma and Ratios:

1. The Development will be utilizing CDBG-DR, which will impose rent restrictions. The Applicant committed to set aside 10% of the units (11 units) for households earning 25% or less of the AMI and 90% of the units (92 units) set aside for households earning 80% or less of the AMI. The subject is projected to achieve 2020 maximum allowable CDBG-DR rent limits published by FHFC on all units based on the Appraisal.

2. Utility allowances are based on the residents paying for their water, sewer and electricity, according to the utility allowance chart for Key West, Florida published by HUD and effective January 1, 2021.

   A rent roll for the Development is shown below:

County: Monroe County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	11	611	25%			$472	$193	$279		$279	$279	$279	$36,828
1	1.0	92	611	80%			$1,510	$193	$1,317		$1,317	$1,317	$1,317	$1,453,968
		103	62,933											$1,490,796

3. Ancillary income reflects the Appraiser's estimate for income received from vending income, late fees, pet deposits and forfeited security deposits.

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

5. Real Estate Tax expense reflects the Appraiser's estimates.

6. Insurance is based on the Applicant's estimate.

7. Management Fees of 5% of the total gross rental income collected from all sources for the operation of the apartment complex are based upon the executed property Management Agreement.

8. General and Administrative costs are based on the Appraiser's analysis of comparable properties.

9. Estimates for Utilities, and Marketing and Advertising are based on the Appraiser's estimates.

10. Other operating expense estimates are based on market comparables and are supported by the appraisal.

11. Replacement Reserves were estimated at $300 per unit per year ($30,900 per annum). Seltzer has utilized that amount in the operating pro forma, maintaining the reserve amount flat for 10 years, then escalating 3% per year thereafter, which meets the minimum required by RFA.

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

Section B

Loan Conditions

Special Conditions

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

1. Receipt and Satisfactory review of an updated Phase 1 and Phase 2 ESA
2. Satisfactory completion of a Davis-Bacon Federal Labor Standards and Section 3 preconstruction conference
3. Receipt and Satisfactory review of the Affirmative Fair 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 real estate 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. 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.
4. 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.
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. CDBG-DR loan Proceeds shall be disbursed during the construction phase in an amount per draw but does not exceed the ratio of the CDBG-DR loan to the Total Development Costs unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

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

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

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

9. Evidence of 100% Payment and Performance ("P&P") Bonds, whose terms do not adversely affect Florida Housing's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a Florida Housing 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. In either case, Florida Housing must be listed as co-obligee. Florida Housing and/or Legal Counsel must approve the source, amount(s) and all terms of the P&P bonds or LOC. If the LOC option is utilized, the LOC must contain "evergreen" language and be in a form satisfactory to the Servicer, Florida Housing, 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. Satisfactory resolution of any outstanding past due and/or noncompliance items.

12. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due items applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, of an Applicant or a Developer).

13. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the 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.

14. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be

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

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its Legal Counsel at least two weeks days prior to real estate 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 CDBG-DR 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 CDBG-DR Loan 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 CDBG-DR Loan governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner/member of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner/member of the GP, of any corporate guarantor and any manager.;

b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, as applicable.

9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.

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

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

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statutes, Rule Chapter 67-53 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2019-101, 49 CFR 24 (URA), 24CFR 42(104 (d), 24 CFR Part 135, 24 CFR 570 (CDBG) and Section 414 of the Stafford Act, HUD environmental requirements 24 CFR Part 58, and any other State and federal requirements..

2. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

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

4. Guarantors for the CDBG-DR are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the permanent First Mortgage and CDBG-DR loan, as determined by FHFC or the Servicer, and 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

5. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.

6. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.

7. A mortgagee title insurance lender's policy naming Florida Housing as the insured mortgage holder in the amount(s) of the all FHFC 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.

8. 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.

9. Replacement Reserves in the minimum amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Fiscal Agent, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves as allowed per the Rule, in the amount of $30,900 (one-half the required Replacement Reserve 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 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.

10. GLE, or other construction inspector acceptable for Florida Housing, is to act as Florida Housing's inspector during the construction period.

11. Retainage in the amount of 10 percent per draw shall be held by the Servicer during construction until the Development is 50 percent complete. At 50 percent completion, no additional retainage shall be held from the remaining draws. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy.

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

13. Closing of all funding sources prior to or simultaneous with closing of the CDBG-DR loan.

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

15. CDBG-DR funds are subject to the National Environmental Policy Act ("NEPA") of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures". No CDBG-DR funds may be committed to a Development before completion of the

environmental review process and HUD approval of the environmental review and Request for Release of Funds.

16. Development and execution by the Applicant of the required MOU with at least one designated Referral Agency serving the county and intended population where the Development will be located and rent units to households referred by the Referral Agency which the MOU is executed. The execution deadline of the MOU was due July 1, 2020, however the Applicant received an extension from FHFC to June 1, 2021.
17. Acceptance by the Borrower and execution of all documents evidencing and securing the CDBG-DR Loan in form and substance satisfactory to Florida Housing and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s).
18. Any other reasonable requirements of the Servicer, Florida Housing or its Legal Counsel.

Section C

Supporting Information and Schedules

Additional Development and Third Party Supplemental Information

Appraised Value:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”), engaged, received and reviewed a March 25, 2021 Appraisal of the subject Development with a date of valuation of March 2, 2021. The Appraisal was performed by Robert Von, Florida-Certified General Real Estate Appraiser No. RZ 1604 of Meridian Appraisal Group, Inc. (“Meridian”), Winter Springs, Florida.

Market Rents/Market Financing

The appraised value is $27,710,000 as if completed and stabilized, based upon market rents and market financing. The Loan-to-Value (“LTV”) Ratio for the first mortgage is 33.2%, and the LTV for the combined permanent first mortgage and CDBG-DR loan is 75.1%.

Restricted Rents/Market Financing

The appraised value is $13,010,000 as if completed and stabilized, based upon restricted rents and market financing. The LTV for the first mortgage is 70.8%, and the LTV for the combined permanent first mortgage and CDBG-DR loan is 160.0%.

“As Is Vacant” Land Value

The “As Vacant” land value is $5,150,000, which supports the purchase price in the amount of $3,640,000.

Market Study:

A Market Study was prepared for the subject property by Meridian with an Inspection Date of March 2, 2021 and a Report Date of March 5, 2021.

The Subject Development is located in Key West, Monroe County in what is considered South Florida Regional Area. Monroe County has a total population of 75,021 people with 34,065 total households. The unemployment rate for Monroe County was 6.3% as compared to the national average of 6.4%. The location of the site is convenient to neighborhood shopping, employment, educational and medical facilities.

Meridian states the property is approximately 2.664 acres and appears to be located within Flood Zone “AE” and “VE”. Both zones “AE” and “VE” are areas within the 100-year flood plain, thereby requiring flood insurance.

The Market Study confirms that the Development is located in a Difficult to Develop Area.

The Primary Market Area (“PMA”) is considered to be the area within a ten-mile radius of the subject. Meridian believes that the majority of tenants will not be from within the PMA. The Competitive Market Area (“CMA”) is considered to be the Developments lying in closest proximity to the subject that are competitive with the subject property. The subject's CMA contains six like-kind existing property consisting of 469 units with a weighted occupancy rate of 97%. The subject's capture rates are low at 6.0%, 4.5% and 4.2% for the 3-mile, 5-mile and 10-mile rings respectively; indicating that there is sufficient demand for the subject units. Meridian notes that there is one new property under construction in the CMA. Because of the high demand for affordable housing in the CMA, Meridian anticipates that the subject will have low impact on existing comparable properties in the short term and no impact over the long term.

Meridian notes that there are no Guarantee Fund Developments within the CMA.

It is Meridian's opinion that the subject will obtain maximum allowable 2020 CDBG rents. Per FHFC requirements, market rents are to exceed restricted rents by a minimum of 10%. Meridian estimates the overall weighted average market rent is 571% greater for 25% AMI and 44% greater for 80% AMI units.

In the rental market analysis, the absorption performances of comparable/competitive apartment rentals were analyzed. The analysis indicated an average absorption rate of approximately 20 units per month, to reach a stabilized occupancy of 96% within 5 months of completion.

Environmental Report: Tetra Tech, Inc. ("Tetra") has performed a Phase I Environmental Site Assessment ("ESA") with an issuance date of November 6, 2019. The ESA was completed in accordance with ASTM Standard E 1527-13. Tetra completed a site inspection on October 28, 2019.

The Phase I ESA was completed on four separate parcels. Tetra notes that the parcel located at 5220 College Road formerly housed the Easter Seal Society building and is currently vacant and is being used to stage heavy equipment, building supplies and materials. The parcel at 5224 College Road formerly housed the Mosquito Control operation. The main 5,000 sf building and infrastructure have been demolished. However, one 1,200 sf structure formerly used as a maintenance and chemical storage area remains in place on the northwest portion of the property. The parcel located at 5228 College Road formerly had small maintenance sheds utilized by the County which have since been demolished. This area is currently being utilized to stage heavy equipment and building supplies and materials. The parcel at 5230 College Road formerly housed the Monroe County Animal Shelter/ Humane Society. The small office building, storage sheds and dog kennels have since been demolished. This area is vacant. The surrounding areas are mixed in land use with developed commercial and residential properties. To the north, is a golf course (Key West Golf Club). Further north is the Stock Island Landfill and the Key West Naval Air Station. To the west and northwest, the site is bordered by College Road.

Tetra contracted Environmental Database Resources, Inc. (“EDR”) to conduct a search of database systems maintained by Federal, State, local and tribal regulatory agencies within a specific search radius. Based on the review of regulatory records nine surrounding properties were identified within the search distances. Tetra notes that it appears the properties immediately surrounding the subject site in all four directions pose a relatively low risk with respect to Recognized Environmental Concerns (“RECs”) that would impact the environmental condition of the target property.

Based on the results of the site inspection and review of historical uses and database systems, Tetra notes the following potential RECs:

- The parcel located at 5224 College Road is considered an REC due to being a former fueling and maintenance for the Mosquito Control since 1963. There is potential for residual petroleum-based products to be present in the soil and groundwater beneath this area. A Tank Closure Report was submitted by Gold Coast Environmental Services in 1995. According to the report, one 6,000-gallon tank used to store diesel fuel and one 500-gallon AST used to store gasoline were removed from the former Mosquito Control site. Soil concentrations were measured above 50 ppm (former Regulatory Guideline) in 2 of 4 soil borings and in the temporary well soil samples. The laboratory reported groundwater constituents from the temporary well above the applicable regulatory guidelines for Benzene, Naphthalene, 1-Methyl-naphthalene, and 2-Methylnaphthalene analytes at the time of the closure assessment. Subsequently, a Discharge Reporting Form (DRF) was filed on December 28, 1994 to the Florida Department of Environmental Protection (“FDEP”) for an unknown amount of vehicular diesel being released to the environment. The site became eligible for the state funded Petroleum Restoration Program (PRP) cleanup assistance based on this DRF.

  During the time of the report, this discharge is being assessed by the Florida Department of Environmental Protection FDEP under the Petroleum Restoration Program, (“PRP”) Low Score Assessment (“LSA”) Program (Facility ID# 8734103). The state appointed contractor for this assessment is Terracon Inc. Results of the assessment have identified petroleum impacted soils and groundwater on the site. The FDEP approved Terracon’s Template Site Assessment Report (TSAR) on August 8, 2019, which recommended a limited source removal of approximately 800-900 tons of petroleum impacted soils. Tetra Tech recently completed a

Voluntary Source Removal plan (VSRP) for the removal of these petroleum impacted soils identified by Terracon in the TSAR. The VSRP has been approved by the FDEP and is awaiting City approval prior to implementation.

- The past usage, storing and mixing of pesticides related to the City of Key West former Mosquito Control operation is a REC based on the 60 years of site occupation by Mosquito Control. The concern is that long-term past storage, handling and mixing of these chemicals on the properties could have resulted in discharges to the surface that may have impacted the soil and groundwater quality. According to Ms. Coss, Mosquito Control Operations Director, the target property has been associated with Mosquito Control activity for many years. Also according to Ms. Coss, the 1,200 sf CBS structure located on the northeastern portion of the 5224 College Road parcel formerly was used as a chemical and equipment storage building for pesticides/insecticides. According to Ms. Coss, the chemicals were stored in both liquid and solid form on pallets, inside 55-gallon drums and inside other types of storage vessels and containers. The facility was periodically inspected by the regulatory agency (US EPA) and there were no reported violations or known spills that occurred during Ms. Coss's involvement with the facility. According to Ms. Coss, there was also an area just outside the chemical storage building that was used as a washdown for vehicles and equipment that were involved in the chemical application process. Although, Ms. Coss stated that the tanks that were utilized for chemical applications were not rinsed onsite and the tanks were sent to a Key Largo maintenance facility for a triple rinse process. Ms. Coss stated that the Mosquito Control operation previously also had above ground fuel storage tanks that contained both diesel and gasoline type fuels that were utilized for fueling the trucks and equipment used in the operation and as a fuel source for the backup generator. The fueling area also contained a vehicle and equipment maintenance area that contained a hydraulic lift. Reportedly, the AST and maintenance area were constructed with a larger than normal reinforced concrete slab. Ms. Coss stated that the Mosquito Control also maintained a NPDES permit for the pesticide applications and the facility was required to comply with the EPA Clean Water Act. However, this permit was not related to discharging wastewater on the target property.

A subsequent Phase II ESA was prepared by Tetra dated December 2, 2019. The objective of the Phase II was to address the two RECs that were found in the Phase 1.

Tetra recommended, the Development and implementation of a Site Assessment (SA) for the reported on-site soil and groundwater organochlorine pesticide exceedances associated with the former Mosquito Control chemical storage and washdown area pursuant to Chapter 62- 780.600, F.A.C. Additionally, as part of this assessment the reported downgradient Cumene – (Isopropylbenezene) GCTL exceedance should be investigated with additional soil and groundwater samples. Tetra also recommends the implementation of the approved Petroleum Restoration Program Voluntary Source Removal.

Tetra has provided a Provisional No Further Action Proposal Approval letter dated September 15, 2020.

Soil Test Report:

Wingerter Laboratories, Inc. (“WL”) completed a geotechnical engineering evaluation of the subject site and issued a report dated August 16, 2019. They provided services in general accordance with American Society for Testing and Materials (“ASTM”) standards. WL conducted borings within the footprint of the proposed residential buildings and conducted two Soil Permeability Tests.

WL evaluated thirteen Standard Penetration Test (“SPT”) soil borings, in accordance with ASTM D1586, advanced to depths of approximately 10 feet within the planned residential structure footprint. Two Soil Permeability Tests were performed to depths of approximately 15 feet below land surface.

WL provided recommendations for the building foundation, placing fill, and compaction. WL recommends that a geotechnical engineer be retained for the site foundation phase of the project. WL found the soils suitable for the Development. SMG’s recommendation is conditioned upon strict adherence to the recommendations within WL’s geotechnical report.

WL also provided and Addendum dated September 30, 2019 to estimate the passive pressure resistance for the use of auger cast pile foundation design.

Pre-Construction Analysis:

SMG received a Plan and Cost Review (“PCR”) from GLE Associates, Inc. dated March 22, 2021. The PCR report states that the construction documents and independent plans are generally satisfactory and sufficientl complete to construct the building. GLE also indicates that all FHFC Features and Amenities have been included in the Plans and/or Specifications with one exception, all Developments must 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 the 2010 ADA Standards for Accessible Design, Section 604.5.1 (Side Wall) and 604.5.2 (Rear Wall). GLE notes that FHFC approved alternative approach for grab bar installation is needed in units with toilets that have no sidewall.

The PCR states that the project design is in general conformance with applicable 2017 Florida Building Code, 2017 Florida Accessibility Codes, Florida Fire Prevention Code, FHA Design Guide, Section 504 of the Rehabilitation Act, and Titles II & III of the Americans with Disabilities Act. There are six units that meet the requirements of Section 504, and four units are designed to have communication features for the hearing and visually impaired.

GLE notes that the architectural drawings appear satisfactory, with one exception. GLE states that all of the Section 504 units are indicated to only be in Building B. The US Department of Housing and Urban Development (HUD) requires that “accessible units must be, to the maximum extent feasible, distributed throughout the projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.”. Limiting the Section 504 units to Building B may not meet HUD standards for the distribution of Section 504 units across the site. GLE recommends that the Architect determine the feasibility of providing compliant Section 504 units in Building A and Building C, and if feasible, GLE recommends distributing the Section 504 units among all buildings and unit types.

GLE reviewed a GC Contract dated January 27, 2021, where the estimated value of the projected hard construction costs for the site work is $2,459,600 or approximately $21.22 per square foot for the proposed 2.66 acres (developed area only). GLE believes, overall, this cost per square foot is within an acceptable range for the scope of work indicated.

GLE note that the contract appears satisfactory except for the following reasons. The General Conditions of the Contract for Construction (HUD-5370) was not provided to GLE for review. Therefore, GLE cannot comment on the terms and conditions outlined within the General Conditions, including insurance coverage amounts, which the Agreement indicates are included within the General Conditions. GLE cannot confirm that the drawings reviewed as part of this Plan and Cost Review are the same drawings that the Contractor will be using to construct the Project. The contract does not enumerate the HUD Form 4010 – Federal Labor Standards. Also, the contract does not enumerate the wage determination for the Development.

The estimated value of the projected hard construction costs for the vertical construction is $15,615,229, which is approximately $151,604.17 per unit or $165.62 per square foot. It is GLE’s opinion the cost per square foot is at the high end of the acceptable range for the scope of work provided. Individual line item costs generally appear appropriate. GLE also believes projected soft construction costs appear satisfactory. GLE notes that there are no contingency line items provided in the contract.

The construction schedule indicates a project completion in 540 days. GLE believes the project duration appears to be appropriate for the project.

Site Inspection:

Erika Martinez of Seltzer Management Group, Inc. conducted a site visit on December 16, 2019 for the above-referenced Development. The site consists of a vacant lot with a large mature tree on the west side and a one lane paved access road in the middle of the subject site. The site appears to be flat and consists of preconstruction dirt and material throughout the lot.

The site is located in a residential area surrounded by multiple single family homes and businesses. Surrounding the subject site is Monroe County Bayshore Manor Retirement Home and Key West Tropical Forest and Botanical Garden, which are both adjacent to the site. Additionally, within a mile northwest of the site is the Monroe County Sheriff's Office and City of Key West Department of Transportation. To the northeast of the property is the Key West Golf Club and Homeowners Association and the Lower Keys Medical Center. Within two miles south of the property are several grocery stores, pharmacy and small businesses.

Surrounding family affordable housing communities include Banyan Grove Apartments and Flagler Village Apartments, which are approximately one mile southeast from the subject site. Within three miles south of the site, there are two additional family affordable housing communities, Cayo Del Mar Apartments and Meridian West Apartments. There are no surrounding Elderly communities. There does not appear to be any apparent adverse conditions that would negatively affect this Development nor impair the property's ability to attract tenants.

Features, Amenities, and Resident Programs:

Borrower committed to provide certain features and amenities and certain resident programs as required in RFA 2019-101. These commitments are set forth in the attached Exhibit 2.

Borrower Information

Borrower Name:	The Housing Authority of the City of Key West, Florida ("KWHA")
Borrower Type:	Public Housing Authority
Contact Information:	Randy Sterling 305-296-5621 (telephone) E-Mail: Castillo@kwha.org
Address:	1400 Kennedy Drive Key West, Florida 33040
Federal Employer ID:	59-6001282
Ownership Structure:	The Housing Authority of the City of Key West, Florida is a Public Housing Authority created by the City Council on September 15, 1938. A copy of the By-Laws adopted September 16, 1938, and revised January 7, 1971 was provided.
Experience:	KWHA is a body corporate and politic, created pursuant to Florida Statutes and a resolution of the City of Key West. KWHA is administered by a Secretary/Executive Director, Randy Sterling who is appointed by The Housing Authority of the City of Key West, Florida. KWHA is responsible for the operation of 12 housing Developments that together consist of 1,033 individual residential units as well as issuing 254 Section 8 Housing Choice Vouchers. The KWHA has been helping people in the community for over 80 years.
Credit Evaluation/	
Trade References:	A comprehensive business credit report for the Applicant dated March 22, 2021, reflects no trade lines, payment history, legal filings, collections, or judgments. Additionally, there are no UCC filings.
Bank References:	Bank references for KWHA reported satisfactory depository and payment relationships. SMG has received bank statements and/or investment statements for KWHA evidencing cash and equivalents as stated in the most currently submitted financial statements.
Financial Statements:	The Housing Authority of the City of Key West, Florida*:*
	Non-Federal Assets $ 63,415,992
	For underwriting purposes, the relevant portions of the KWHA's Balance Sheet are those assets defined as "non-federal assets". The Executive Director, Mr. J. Manuel Castillo, Sr., provided a Statement of Net position stating that as of December 31, 2020, there are $76,391,780 in unrestricted net assets of which $63,415,992 were non-federal assets. The KWHA does not file tax returns. SMG also received the 2019 Audited Financials prepared by CliftonLarsonAllen LLP.

Contingent Liabilities:	The Applicant reports no Contingent Liabilities.
Summary:	Based upon the information provided, the Applicant appears to have the experience and financial resources to develop and operate the Subject Development.

Guarantor Information

Guarantor Name:	The Housing Authority of the City of Key West, Florida ("KWHA")
Address:	Randy Sterling 305-296-5621 (telephone) E-Mail: Castillo@kwha.org
Address:	1400 Kennedy Drive Key West, Florida 33040
Nature of the Guarantee:	The Guarantor will sign standard FHFC Construction Completion, Environmental Indemnity, Recourse Obligation and Operating Deficit Guaranties. The Construction Completion Guaranty will be released upon 100% lien-free completion, as approved by the Loan Servicer. For the CDBG-DR Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by 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 ("DSC") Ratio on the permanent First Mortgage Loan and CDBG-DR Loan, as determined by the FHFC or the Servicer and 90% occupancy and 90% of the Gross Potential Rental Income, net of Utility Allowances, if applicable, for a period of 12 consecutive months, all certified by an independent Certified Public Accountant ("CPA"), verified by the Servicer. The calculation of the DSC Ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final Certificate of Occupancy ("C/O").
Financial Statements:	Please refer to the Borrower Information section of this report.
Contingent Liabilities:	Please refer to the Borrower Information section of this report.
Summary:	Based upon the financial information provided, the Guarantor appears to have adequate financial strength to serve as the guarantor for this Development.

General Contractor Information

General Contractor Name:	Gulf-Keystar, A Florida Joint Venture LLC ("Gulf-Keystar")
Type:	A Florida Limited Liability Corportation
Contact Person:	Eric Squilla Telephone (954) 492-9191
Address:	633 South Federal Highway, Suite 500 Fort Lauderdale, FL 33301
Experience:	Gulf-Keystar is a joint venture between Gulf Building LLC formed in 1991 and Keystar Construction, Inc. formed in 1999. Gulf-Keystar was founded and registered in the State of Florida on August 20, 2019. They have approximately $71,000,000 of work in progress, and they have averaged $25,000,000 in work the past 5 years. Gulf-Keystar's experience includes constructing buildings for multifamily residential, education, municipal, transportation, and commercial uses.
License:	William R. Derrer holds a Florida Certified General Contractors License No. CGC015592, which expires August 31, 2022.
Credit Evaluation/ Trade References:	A comprehensive business credit report for the Gulf-Keystar dated March 22, 2021, reflects one trade line, no payment history, legal filings, collections, or judgments. Additionally, there are no UCC filings.
Business/Bank References:	Business and Bank references for Gulf-Keystar are satisfactory.
Financial Statements:	Not applicable since Gulf-Keystar will provide a Payment and Performance Bond equal to 100% of the GC Contract.
Contingent Liabilities:	Not applicable since Gulf-Keystar will provide a Payment and Performance Bond equal to 100% of the GC Contract.
Surety:	Gulf-Keystar provided a draft P&P Bond from Berkley Insurance Company ("Berkley") dated January 19, 2021. Berkley is rated "A+" or better with a Financial Size Category of "XV" ($2 Billion or greater), as rated by A.M. Best Company.
Summary:	SMG recommends that Gulf-Keystar be accepted as the General Contractor subject to the conditions, if any, listed in the Section B of this report.

Property Manager Information

Property Manager Name:	The Housing Authority of the City of Key West, Florida ("KWHA")
Type:	A Florida Public Housing Authority
Contact Information:	Randy Sterling 305-296-5621 (telephone) E-Mail: Castillo@kwha.org
Address:	1400 Kennedy Drive Key West, Florida 33040
Experience:	KWHA will self-manage the Development. KWHA currently manages over 1,000 units and handles the housing credit vouchers for 254 units.
Management Agreement:	A Management Agreement executed February 25, 2021, states that the term shall commence ninety days prior to issuance of Certificate of Occupancy and shall continue for a term of five years. At the expiration of each such term, this contract, if not renewed in writing for an additional fixed period and if not terminated by a 60-day written notice prior to the termination date, shall be deemed a month-to month contract cancelable by either party on not less than 30 days' written notice, which notice may be given at any time during the month. Remuneration shall be payable in arrears and equal to five percent (5%) of the gross rental income received from all sources for the operation of the subject Development.
Management Plan:	The Applicant provided a Management Plan for the Development that appears satisfactory.
Summary:	KWHA has demonstrated experience in the successful management of multifamily affordable housing. The Asset Management Department of FHFC will need to approve the selection of KWHA, for Garden View Apartments prior to the commencement of lease-up. Continued approval is subject to ongoing satisfactory performance.

Exhibit 1
Garden View Apartments
15 Year Income and Expense Projection

	FINANCIAL COSTS:		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**	**Year 12**	**Year 13**	**Year 14**	**Year 15**
	OPERATING PRO FORMA																
INCOME	Gross Potential Rental Income		$1,490,796	$1,520,612	$1,551,024	$1,582,045	$1,613,686	$1,645,959	$1,678,878	$1,712,456	$1,746,705	$1,781,639	$1,817,272	$1,853,617	$1,890,690	$1,928,504	$1,967,074
	Rent Subsidy (ODR)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Other Income:																
	Ancillary Income-Parking		$12,360	$12,607	$12,859	$13,117	$13,379	$13,646	$13,919	$14,198	$14,482	$14,771	$15,067	$15,368	$15,675	$15,989	$16,309
	Miscellaneous		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Washer/Dryer Rentals		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Cable/Satellite Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Rent Concessions		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Alarm Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Gross Potential Income		$1,503,156	$1,533,219	$1,563,884	$1,595,161	$1,627,064	$1,659,606	$1,692,798	$1,726,654	$1,761,187	$1,796,411	$1,832,339	$1,868,986	$1,906,365	$1,944,493	$1,983,382
	Less:																
	Economic Loss - Percentage:																
	Physical Vacancy Loss - Percentage:	4.0%	($60,126)	($61,329)	($62,555)	($63,806)	($65,083)	($66,384)	($67,712)	($69,066)	($70,447)	($71,856)	($73,294)	($74,759)	($76,255)	($77,780)	($79,335)
	Collection Loss - Percentage:	1.0%	($15,032)	($15,332)	($15,639)	($15,952)	($16,271)	($16,596)	($16,928)	($17,267)	($17,612)	($17,964)	($18,323)	($18,690)	($19,064)	($19,445)	($19,834)
	Total Effective Gross Revenue		$1,427,998	$1,456,558	$1,485,689	$1,515,403	$1,545,711	$1,576,625	$1,608,158	$1,640,321	$1,673,127	$1,706,590	$1,740,722	$1,775,536	$1,811,047	$1,847,268	$1,884,213
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		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Insurance		$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	$311,593
	Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Variable:																
	Management Fee - Percentage:	5.0%	$71,400	$72,828	$74,284	$75,770	$77,286	$78,831	$80,408	$82,016	$83,656	$85,330	$87,036	$88,777	$90,552	$92,363	$94,211
	General and Administrative		$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	$62,319
	Payroll Expenses		$158,720	$163,482	$168,386	$173,438	$178,641	$184,000	$189,520	$195,206	$201,062	$207,094	$213,306	$219,706	$226,297	$233,086	$240,078
	Utilities		$72,100	$74,263	$76,491	$78,786	$81,149	$83,584	$86,091	$88,674	$91,334	$94,074	$96,896	$99,803	$102,797	$105,881	$109,058
	Marketing and Advertising		$8,755	$9,018	$9,288	$9,567	$9,854	$10,149	$10,454	$10,768	$11,091	$11,423	$11,766	$12,119	$12,483	$12,857	$13,243
	Maintenance and Repairs		$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239	$67,196	$69,212	$71,288	$73,427	$75,629	$77,898
	Grounds Maintenance and Landscaping		$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	$46,739
	Resident Programs		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Contract Services		$10,300	$10,609	$10,927	$11,255	$11,593	$11,941	$12,299	$12,668	$13,048	$13,439	$13,842	$14,258	$14,685	$15,126	$15,580
	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		$30,900	$30,900	$30,900	$30,900	$30,900	$30,900	$30,900	$30,900	$30,900	$30,900	$31,827	$32,782	$33,765	$34,778	$35,822
	Total Expenses		$681,775	$700,587	$719,949	$739,878	$760,390	$781,502	$803,231	$825,597	$848,618	$872,313	$897,629	$923,688	$950,510	$978,120	$1,006,540
	Net Operating Income		$746,223	$755,971	$765,740	$775,525	$785,321	$795,124	$804,927	$814,724	$824,510	$834,277	$843,093	$851,849	$860,537	$869,148	$877,673
	Debt Service Payments																
DEBT SERVICE	First Mortgage		$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135	$443,135
	All Other Mortgages		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	First Mortgage Fees		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Second Mortgage Fees		$13,836	$13,933	$14,033	$14,136	$14,243	$14,352	$14,465	$14,581	$14,700	$14,823	$14,950	$15,081	$15,215	$15,354	$15,497
	All Other Mortgages Fees		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Total Debt Service Payments		$456,971	$457,068	$457,168	$457,271	$457,378	$457,487	$457,600	$457,716	$457,835	$457,958	$458,085	$458,216	$458,350	$458,489	$458,632
	Cash Flow After Debt Service		$289,252	$298,903	$308,572	$318,254	$327,944	$337,637	$347,327	$357,008	$366,674	$376,319	$385,008	$393,633	$402,186	$410,659	$419,041
	Debt Service Coverage Ratios																
	DSC - First Mortgage plus Fees		1.684	1.706	1.728	1.750	1.772	1.794	1.816	1.839	1.861	1.883	1.903	1.922	1.942	1.961	1.981
	DSC - Second Mortgage plus Fees		1.633	1.654	1.675	1.696	1.717	1.738	1.759	1.780	1.801	1.822	1.840	1.859	1.877	1.896	1.914
	DSC - All Mortgages and Fees		1.633	1.654	1.675	1.696	1.717	1.738	1.759	1.780	1.801	1.822	1.840	1.859	1.877	1.896	1.914
	Financial Ratios																
	Operating Expense Ratio		47.7%	48.1%	48.5%	48.8%	49.2%	49.6%	49.9%	50.3%	50.7%	51.1%	51.6%	52.0%	52.5%	52.9%	53.4%
	Break-Even Ratio		76.0%	75.8%	75.5%	75.3%	75.1%	74.9%	74.7%	74.6%	74.4%	74.3%	74.2%	74.2%	74.2%	74.1%	74.1%

GARDEN VIEW APARTMENTS

RFA 2019-101 (2020-001D)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

103 Garden Apartment units located in 3 residential buildings

Unit Mix:

One-hundred and three (103) one bedroom / 1 bath units;

103 Total Units

All units are expected to meet all requirements as outlined below. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all requirements in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

B. Applicant commits to 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. Single Family Homes must have washer and dryer hook ups in each of the Development's units. All other Development Types must have 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 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; 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 units;

8. Bathtub with shower in at least one bathroom in at least 90 percent of the units; and

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

C. Applicant commits to provide the following Accessibility, Universal Design and Visitability Features:

1. 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 Architectural Barriers Act of 1968;
- 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.

* 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.

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

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

2. Required Accessibility Features, regardless of the age of Development.

   a. Required Accessibility Features in all Units

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

   b. All Developments must 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 the 2010 ADA Standards for Accessible Design, Section 604.5.1 (Side Wall) and 604.5.2 (Rear 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 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, 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.

D. Applicant commits to provide the following required Green Building Features in all Developments for all Units:

1. 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);

2. 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;

3. Energy Star certified refrigerator;

4. Energy Star certified dishwasher;

5. Energy Star certified ventilation fan in all bathrooms;

6. Water heater minimum efficiency specifications:
    - Residential Electric:
        - Up to 55 gallons = .95 EF or .92 UEF; or
        - More than 55 gallons = Energy Star certified; or
        - Tankless = Energy Star certified;
    - Residential Gas (storage or tankless/instantaneous): Energy Star certified,
    - Commercial Gas Water Heater: Energy Star certified;

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

8. Air Conditioning (choose 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 1 bedroom units.

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

E. Applicant committed in their Application (question 9) to provide the following resident programs outlined below:

1. Adult Literacy – The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space. 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 Resident Program is offered on site, and 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 hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Resident Program is offered on site, and 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. 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.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Garden View Apartments
DATE: April 21, 2021

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. "Satisfactory" 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.	Satisfactory	
2. Final site plan and/or status of site plan approval.	Satisfactory	
3. Permit Status.	Satisfactory	
4. Pre-construction analysis ("PCR").	Satisfactory	
5. Survey.	Satisfactory	
6. Complete, thorough soil test reports.	Satisfactory	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satisfactory	
8. Market Study separate from the Appraisal.	Satisfactory	
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.	Unsatis.	1
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.	Satisfactory	

11. Resumes and experience of Borrower, General Contractor and management agent.	Satisfactory	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satisfactory	
13. Management Agreement and Management Plan.	Satisfactory	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
15. Firm commitment letter from the syndicator, if any.	Satisfactory	
16. Firm commitment letter(s) for any other financing sources.	Satisfactory	
17. Updated sources and uses of funds.	Satisfactory	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satisfactory	
19. Fifteen-year income, expense, and occupancy projection.	Satisfactory	
20. Executed general construction contract with “not to exceed” costs.	Satisfactory	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	N/A	
22. Any additional items required by the credit underwriter.	Satisfactory	

NOTES AND APPLICANT’S RESPONSES:

1. Updated Phase I and Phase 2 Environmental Site Assessments showing the site is clear of any environmental issues, these will be provided prior to closing and are a closing condition.