

ANALYSIS OF LOAN REQUESTS

LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

1. Summary of Applications

The 2019 NOFA had a September 14, 2018 due date. Two applications were received. A summary of the proposed developments:

	Brandon Preserve	Springfield Plaza
Developer	Vestcor	Housing Trust Group
Address	339 Pauls Drive	1010 E. Brandon Boulevard
City/County	Brandon Unincorporated Hillsborough County	Brandon Unincorporated Hillsborough County
Demographic	Family	Elderly
New or Rehab	NC	NC
Design	Wood Frame Garden 3-story	Concrete Single Building with Elevator (Garden) 3-story
Units	163	96
Total Development Cost	\$30,907,699	\$22,290,758
TDC/Unit	\$189,618	\$232,195
Land/Unit	\$23,926 (\$15,552)*1	\$27,083
Set-Aside	15.34% <30% AMI 63.19% < 60% AMI 21.47% <80% AMI	16.6% <35% AMI 4.1% <50% AMI 79.3% <60% AMI
Set-Aside Length	Perpetuity	Perpetuity
Loan Request	\$472,000	\$567,500

*1 Applicant shows total land cost of \$3,900,000, but indicates that only part of the entire parcel will be used for this development. Applicant estimates that land cost that will be in this development is \$2,535,000, or \$15,552/unit. Throughout this analysis, the higher land cost is used for all calculations, although it is probable that the actual total development cost will be reduced by \$1,365,000, or \$8,374/unit (revised TDC would be \$185,433).

2. **Threshold Criteria & Analysis:** Both Applicants meet threshold requirements.

	Brandon Preserve	Springfield Plaza
Project must be located within unincorporated Hillsborough County, the City of Temple Terrace, or Plant City	Yes Located in Unincorporated Hillsborough County	Yes Located in Unincorporated Hillsborough County
Site Control	Yes Site control via Contract for Purchase & Sale	Yes Site control via Contract for Purchase & Sale
Set- aside equal to or greater than the standards for low income Housing Tax Credits	Meets FHFC Standards 15.34%<30% AMI (25 units) 63.19%<60% AMI (103 units) 21.47%<80% AMI (35 units)	Exceeds FHFC Standards 16.6%<35% AMI (16 units) 4.4%<50% AMI (4 units) 79.3%<60% AMI (76 units)
Evidence authorizing the use of the property for the proposed use	Yes PUD (RZ-PD16-0213) FHFC Zoning Form executed by County	Yes PD FHFC Zoning Form executed by County
Applicant must commit to minimum affordability period of 50 years and provide resident services at a level consistent with the requirements within the Authority's bond application	Exceeds Perpetuity Resident services: Exceed level required by the HFA (three optional programs)	Exceeds Perpetuity Resident services: Exceed level required by the HFA (one optional program)

3. Summary of Loan Requests:

	Brandon Preserve	Springfield Plaza
LOAN REQUEST PER UNIT	\$472,000 \$2,896	\$567,500 \$5,911
LOAN TERM	15 years 15-year amortization	18 years 30- year amortization Balloon in 18 years
LOAN RATE	3.0%	1.6%
NPV COST TO HFA PER UNIT	\$88,193 \$541	\$264,894 \$2,759
COMMENTS	Amount required for Garden-Wood building by FHFC RFA 2018-112	Amount required for Garden-Concrete building by FHFC RFA 2018-112

4. Project Selection Criteria

- Applicant's development and construction experience;
- Experience and Quality of development team
- Applicant's management experience, or experience and quality of management company;
- Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service coverage ratios, the percentage of public monies requested compared to project cost; leveraging of public resources, including the requested HFA loan)
- Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the HFA of Hillsborough County;
- The reasonableness of the cost of the development;
- Resident Programs (minimum must meet standards of Authority's bond application, additional programs to be considered as positive factor in evaluating the application);
- Unit and Development Amenities;
- Energy Efficiency;
- Long Term Affordability (minimum set-aside period of 50 years—additional years to be considered as a positive factor in evaluating the application);
- Commitment to set-aside at least 5% of the units in the development to an at-risk population (homeless or youth aging out of foster care);

- Maximum Economic Impact;
- Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement;
- Proximity to public transportation, services, and employment;
- Leveraging of HFA funds with other resources that could be used to meet the FHFC required contribution level, and leveraging of HFA funds with other funds to achieve greater impact on the community/neighborhood; and,
- Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term.

5. **Analysis of Developments Using Project Selection Criteria:**

Note: Each applicant was requested to address each of the selection criteria. **It is highly recommended that Board members read the responses, which are in Exhibit 2 and Exhibit 8 of each application.**

	Brandon Preserve Vestcor	Springfield Plaza Housing Trust Group
Applicant's development and construction experience	Extensive	Extensive
Experience and Quality of development team	Extensive	Extensive
Applicant's management experience, or experience and quality of management company	Adequate WRH Realty Services	Adequate HTG Management
Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service coverage ratios, the percentage of public monies requested compared to project cost; leveraging of public resources, including the requested HFA loan)	Appears Feasible \$189,618 TDC/unit 1.17 DSC, includes hard-pay mortgage from the HFA HFA loan 1.5% of TDC \$6.25 million private 1 st mortgage (20.2% of TDC)	Appears Feasible \$232,195 TDC/unit 1.20 DSC, 1 st mortgage only Proposed as soft-pay, but offer hard-pay (which would require reduction in 1 st mortgage) HFA loan 2.5% of TDC \$2.5 million private 1 st mortgage (11.2% of TDC)

	Brandon Preserve	Springfield Plaza
Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the HFA of Hillsborough County	No loans	No loans
The reasonableness of the cost of the development	Reasonable \$189,618 TDC/unit \$115,500 Hard Cost/unit (wood) \$17,236 General Development Costs/unit \$10,101 Financial Costs/unit \$22,854 Developer Fee/unit \$23,926 Land Cost/unit	Within FHFC guidelines \$232,195 TDC/unit \$138,085 Hard Cost/Unit (concrete) \$26,112 General Development Costs/Unit \$12,624 Financial Costs/unit \$28,291 Developer Fee/unit \$27,083 Land Cost/unit
Resident Programs (minimum must meet standards of Authority's bond application, additional programs to be considered as positive factor in evaluating the application)	Exceed HFA All required + 3 optional Meet FHFC	Exceed HFA All required + 1 optional Meet FHFC
Unit and Development Amenities	Meet HFA and FHFC Standards	Meet HFA and FHFC Standards
Energy Efficiency	Meet FHFC	Meet FHFC
Long Term Affordability (minimum set-aside period of 50 years—additional years to be considered as a positive factor in evaluating the application)	Perpetuity	Perpetuity
Commitment to set-aside at least 5% of the units in the development to an at-risk population (homeless or youth aging out of foster care)	7.5% (13 units) Youth Aging out of Foster Care or Homeless Include letter from Camelot on MOU 15.34% (25 units) ELI (30% AMI) Meets FHFC requirements for ELI with income averaging	10% (10 units) Seniors with disabilities, emphasis on veterans (preference during lease-up) 16.6% (16 units) ELI (35% AMI) Exceeds FHFC requirement (10%) for ELI Also 4 units at 50% AMI

	Brandon Preserve	Springfield Plaza
Maximum Economic Impact Note: Estimates of Job and Total Economic Impact Utilizes FHFC Methodology and Applied to Each Development	High` \$27.0 million TDC (less land) 621 jobs \$55.9 million total economic impact \$81,500 annual Property Taxes	Medium \$19.7 million TDC (less land) 366 jobs \$40.8 million total economic impact \$86,400 annual Property Taxes
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	Good Consistent with Brandon Main Street Community Plan Includes 1,000 Sq. Ft. commercial space as part of one residential building	Good Consistent with Brandon Heart of Hillsborough Plan
Proximity to public transportation, services, and employment	HART Brandon Flex stop 0.2 miles (Van, on-demand or service every hour) Multiple bus routes 1.4 miles at Brandon Mall Grocery (Publix) 0.4 miles Pharmacy 1.3 miles (CVS) Medical 0.75 miles (Brandon Regional Hospital) Brandon High School 0.85 miles McLane Middle School 1.0 miles Yates Elementary 2.5 miles Employment: Mall, hospital and retail within 1.5 miles	HART Route 46 stop 0.18 miles (service every 30 minutes) Multiple bus routes at Brandon Mall (terminus of Route 46) Grocery, Pharmacy and Medical facilities within 0.2 miles Site is adjacent to WalMart Supercenter Brandon Regional Hospital 1.6 miles Elderly development: no information provided on schools and employment

	Brandon Preserve	Springfield Plaza
Leveraging of HFA funds with other resources that could be used to meet the FHFC required contribution level, and leveraging of HFA funds with other funds to achieve greater impact on the community/neighborhood	Housing Credits Bank Loan No other sources HFA Loan: 1.5% of TDC	Housing Credits Bank Loan No other sources HFA Loan: 2.5% of TDC
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	Yes—15 year, hard-pay, fully amortizing 3% loan	Yes—30-year amortization, soft-pay 1.6% loan with balloon after 18 years (offer hard-pay at HFA's option)

6. Commentary on Applications:

In general, the purpose of the HFA's application process is to provide a **preference for a housing credit application that provides more benefits to the residents, neighborhood, and community than would otherwise be obtained with the FHFC application system**. Both applications would provide needed affordable housing that meets FHFC standards. However, there are differences between the applications within the HFA's priorities.

Both applicants meet the **application threshold items**.

Both applicants are **qualified developers**, with competent teams (including property management), and have deals that appear to be feasible.

The **HFA has no experience** with either developer. It should be noted that this criteria is not designed to exclude new developers, but to exclude developers with whom the HFA has had negative experiences.

The **development costs** of both developments are within FHFC guidelines. The Brandon Preserve development has a substantially lower cost per unit, partly due to construction type.

All applicants must meet the FHFC energy efficiency, development amenity, and resident program features. Both applicants clearly state that they will meet and exceed HFA requirements for **resident programs**.

Long-term affordability is critical to meeting the needs of working families and the elderly. Both applicants have agreed to perpetuity.

The HFA requires at least 5% of the units to be rented to an **“at-risk” population**, such as homeless or youth aging out of foster care. Springfield Plaza commits to 10% (10 units) serving seniors with disabilities (emphasis on veterans) and Brandon Preserve commits to 7.5% (13 units) serving youth aging out of foster care or homeless.

Another area for analysis is **the partnerships that are proposed** within the applications. Having a development or resident services partner is not required by the application—however, having effective partnerships improves the applicant’s ability to provide effective resident programs and serving the designated at-risk population. Brandon Preserve partners with Camelot Community Care for a program designed to assist youth aging out of foster care and/or unaccompanied homeless youth.

The number of **Extremely Low-Income units** is not one of the specific criteria, but again enhances the ability to meet other criteria effectively. Brandon Preserve is income averaging—therefore they meet the FHFC requirement is 15% at 30% AMI (25 units). Springfield Plaza is not income averaging—therefore they exceed the FHFC requirement for 10% at 35% (providing 16.6%, or 16 units).

An area that merits analysis is the number of units produced. An absolute preference for the largest deal is not part of the HFA’s system—however, two criteria (**leveraging, maximum economic impact**) are directly impacted by the size of each development. The larger deal, Brandon Preserve (163 units), has more economic impact and leverages the HFA’s funds more effectively—as well as providing more units for the County’s residents. Brandon Preserve has an estimated economic impact of \$55.9 million/621 jobs compared to Springfield Plaza’s \$40.8 million/366 jobs. Brandon Preserve leverages HFA funds by requesting a lower loan amount (\$472,000 v. \$567,500), and generates a larger private first mortgage—stretching the HFA and Housing Credit public resources to produce more units with less public subsidy per unit. Brandon Preserve also pays off the HFA loan more quickly and pays a higher interest rate (3% v. 1.6%)

Both developments will be of high quality and provide a **lift to the surrounding neighborhoods**. Springfield Plaza is located on Brandon Boulevard and will provide a boost to an aging area. Both developments are consistent with planning goals.

Access to **public transportation** is increasingly important. Springfield Plaza has HART Route 46 0.16 miles from the site, which provides service every 30 minutes. The terminus/transfer point for this route is Brandon Mall. Brandon Preserve has the HART Brandon Flex stop 0.2 miles from the site, which provides services every hour or on-call. The terminus/transfer point for this route is Brandon Mall.

Access to other services: Springfield Plaza is adjacent to a WalMart Supercenter, with services (grocery, pharmacy, medical) appropriate for an elderly population within 0.2 miles. Brandon Preserve has grocery, schools and medical within 1.0 mile.

Brandon Preserve provided information on nearby **employment** centers (Brandon Mall, Brandon Regional Hospital, and others). Springfield Plaza is elderly, so some residents will not need employment. The applicant provided no information on employment.

The leveraging of HFA funds was analyzed, in absolute dollars, dollars per unit, and with an NPV analysis of the cost to the HFA. Brandon Preserve has lower total, per unit and NPV per unit costs. See chart on Page 3 for details.

Brandon Crossing proposes a fully amortizing, 15-year, 3% loan. Springfield Plaza proposes a 1.6% loan, 30-year amortization, balloon in 18 years.

Brandon Preserve is wood construction and Springfield Plaza concrete. This is not one of the selection criteria. However, concrete construction does provide longer term benefits in terms of reduced maintenance.

This is not one of the selection criteria, but for informational purposes, Brandon Preserve is family, and Springfield Plaza elderly.

Brandon Preserve

- Perpetuity
- Lower Costs (construction and soft)
- Better leveraging
- More economic impact

Springfield Plaza

- Perpetuity
- Marginally better access to public transportation
- Better proximity to services

7. **FHFC Scoring Analysis:**

- If no deal receives the priority designation, a lottery will determine who wins Housing Credits, with all applications meeting threshold entering the lottery.
- If two deals (one County and one City of Tampa) receive the priority designation, and they both turn in complete applications that meet threshold, a lottery between only those two applicants will determine who wins Housing Credits.
- If one deal receives the priority designation, and they turn in a complete application that meets threshold, that development will receive the award of Housing Credits.
- Any local government may designate a priority development, evidenced by the commitment of funds required by FHFC. That means that either the City of Tampa, Hillsborough County, or both can have a priority development.
- This year, priority deals must be the FHFC minimum scoring requirement for proximity to public transportation. Both deals meet that test.

8. **Back-Up Development**

- It is important to have a back-up development that applies for Housing Credits—in the event that the priority development fails threshold. Otherwise, the County would not receive any deal.
- Both developments would meet FHFC scoring thresholds if submitted as a back-up.

9. **County Funding**

- County staff indicate that they will fund \$100,000 of the required loan amount to the development selected for the preference funding.
- County staff indicate that they will fund the local government contribution for any back-up deal selected by the HFA.

10. **Recommendations:**

- Select one application for Local Government Area of Opportunity Funding (preference)
- Recommend that County fund other applicant as back-up deal, at the minimum contribution level
- Establish amount of loan, term of loan, and amortization, for the HFA's Local Government Area of Opportunity Funding loan.
- Authorize the Chair to sign loan commitment letters.
- Request the appropriate County official to sign the FHFC form required to verify the local government contribution.
- Loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction). Loan documents to include a Land Use Restriction Agreement with all Applicant commitments (HFA programs, length of set-aside, income restrictions).
- Loan commitment expiration date of December 31, 2019.