

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

1. Summary of Applications

The 2021 NOFA had a September 3, 2020 due date. Three applications were received. A summary of the proposed developments:

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
Developer	Southport	Richman Group	Vestcor
Address	E. side of Robert Tolle Drive, 1900' north of Bloomingdale Avenue 500' north of Sherwood Lane	E. side of Robert Tolle Drive, 1400' north of Bloomingdale Avenue Immediately North of Sherwood Lane	1010 E. Brandon Blvd.
City/County	Riverview Unincorporated Hillsborough County	Riverview Unincorporated Hillsborough County	Brandon Unincorporated Hillsborough County
Demographic	Family	Family	Family
New or Rehab	NC	NC	NC
Design	Wood Frame Garden 3-story	Concrete Garden 3-story	Wood Frame Garden 3-story
Units	96	120	108
Bedroom	222	180	198
Total Development Cost	\$20,957,262	\$27,463,356	\$23,082,016
TDC/Unit	\$218,305	\$228,861	\$213,722
Land/Unit	\$15,625	\$20,333	\$30,000
Set-Aside	10% (10 units) <33% AMI 90% (86 units) < 60% AMI	10% (12 units) <33% AMI 90% (108 units) < 60% AMI	15.7% (17 units) <30% AMI 37.0% (40 units) <60% AMI 47.2% (51 units) <70% AMI
Set-Aside Length	Perpetuity	Perpetuity	Perpetuity
Loan Request	\$115,000	\$100,000	\$115,000

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

2. Threshold Criteria & Analysis: All Applicants meet threshold requirements.

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
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	Yes Located in Unincorporated Hillsborough County
Site Control	Yes Site control via Contract for Purchase & Sale	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 10% <33% AMI 90%< 60% AMI	Meets FHFC Standards 10% <33% AMI 90%< 60% AMI	Meets FHFC Standards 15.7% (17 units) <30% AMI 37.0% (40 units) <60% AMI 47.2% (51 units) <70% AMI
Evidence authorizing the use of the property for the proposed use	Yes PD FHFC Zoning Form executed by County	Yes PD 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: Meet HFA Standards	Exceeds Perpetuity Resident services: Meet HFA Standards	Exceeds Perpetuity Resident services: Exceed level required by the HFA (three optional programs)

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

3. Summary of Loan Requests:

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
LOAN REQUEST PER UNIT % TDC	\$115,000 \$1,042 0.5%	\$100,000 \$833 0.4%	\$115,000 \$1,065 0.5%
LOAN TERM	30 years No amortization Interest only Balloon at maturity	30 years No amortization Interest only Balloon at maturity	20 years No amortization Balloon at maturity Loan funded at construction completion
LOAN RATE	1.0%	0% years 1-17 1% years 18-30	0%
COMMENTS	Proposed loan has NPV cost to HFA of \$75,212	Proposed loan has NPV cost to HFA of \$75,716	Proposed loan has NPV cost to HFA of \$75,586

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;

ANALYSIS OF LOAN REQUESTS LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

- 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.
- Projects located within a Geographic Area of Opportunity or Small Area Difficult Development Area, as defined by the Florida Housing Finance Corporation
- Family demographic as defined by FHFC

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.**

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
Applicant's development and construction experience	Extensive	Extensive	Extensive
Experience and Quality of development team	Extensive	Extensive	Extensive
Applicant's management experience, or experience and quality of management company	Extensive Cambridge Management	Extensive Richman Property Services	Extensive WRH Reality
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 \$218,305 TDC/unit 1.37 DSC, does NOT include HFA mortgage HFA loan 0.5% of TDC \$4.2 million private 1 st mortgage (20.0% of TDC)	Appears Feasible \$228,861 TDC/unit 1.20 DSC, no HFA payment due for 17 years HFA loan 0.4% of TDC \$5.68 million private 1 st mortgage (20.7% of TDC)	Appears Feasible \$213,722 TDC/unit 1.72 DSC, no HFA loan payment due HFA loan 0.5% of TDC \$4.3 million private 1 st mortgage (15.6% of TDC)

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
Applicant’s performance and/or compliance (including any prior defaults) of any prior loans or contracts with the HFA of Hillsborough County	No loans	Extensive number of loans No financial or compliance issues	No loans
The reasonableness of the cost of the development	Reasonable \$218,305 TDC/unit \$139,598 Hard Cost/unit (Garden Wood) \$30,104 General Development Costs/unit \$5,370 Financial Costs/unit \$27,628 Developer Fee/unit \$15,625 Land Cost/unit	Reasonable \$228,861 TDC/unit \$142,631 Hard Cost/unit (Garden Concrete) \$24,527 General Development Costs/unit \$12,948 Financial Costs/unit \$28,738 Developer Fee/unit \$20,333 Land Cost/unit	Reasonable \$213,722 TDC/unit \$120,750 Hard Cost/unit (Garden Wood) \$27,786 General Development Costs/unit \$9,845 Financial Costs/unit \$25,341 Developer Fee/unit \$30,000 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)	Meet HFA Standards All Applicants must meet HFA standards per application requirements. List not required and Applicant did not provide evidence of programs beyond the minimum standards	Meet HFA Standards Initial response provided resident programs targeted to elderly residents— I reached out to get corrected list for my information; however, it was submitted after the application deadline. If requested by Board with waive, I can share the late response.	Exceed HFA Standards Providing 3 optional programs above HFA standards Very clear response related to question asked: is applicant exceeding HFA’s bond requirements—clearly listed requirements and optional programs noting what was selected
Unit and Development Amenities	Meet HFA Standards	Meet HFA Standards	Meet HFA Standards
Energy Efficiency	Meet FHFC	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	Perpetuity

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
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)	5% (5 units) Youth Aging out of Foster Care or Homeless 10% (10 units) ELI (33% AMI)	5% (6 units) Homeless or disabled senior veterans 10% (12 units) ELI (33% AMI)	7.5% (8 units) Youth Aging out of Foster Care or Homeless 15.8% (17 units) ELI (30% AMI) Meets FHFC requirements for ELI with income averaging
Maximum Economic Impact Note: Estimates of Job and Total Economic Impact Utilizes FHFC Methodology and Applied to Each Development	#3 \$20.96 million TDC 400 jobs \$54.6 million total economic impact \$95,000 annual Property Taxes	#1 \$27.5 million TDC 524 jobs \$71.6 million total economic impact \$114,000 annual Property Taxes	#2 \$23.1 million TDC 440 jobs \$60.2 million total economic impact \$97,200 annual Property Taxes
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	Average Applicant provided general statement about providing needed quality affordable housing in “booming development corridor” on Bloomindale in Brandon	Average Applicant providing general statement about “improved quality of life” for residents Also applicant notes that development abuts Lenox, a 224-unit market-rate luxury apartment developed by The Richman Group	Average Applicant provided information on location of development within the State Road 60 (Brandon Blvd.) Overlay District of the Brandon Community Plan. The development will promote continued revitalization and neighborhood improvement within the Plan area by transforming 9-acre parcel into a residential community. County Comment: [This] is an Overlay District...It is not a revitalization area and does not include a housing element For information on the Brandon Community Plan http://www.planhillsborough.org/brandon-community-plan2/

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
Proximity to public transportation, services, and employment	<p>FHFC Proximity Score: 17.5</p> <p>Two bus stops 0.3-0.4 miles on Bloomingdale Avenue</p> <p>Grocery (Super Target) 0.3 miles</p> <p>Pharmacy (CVS) 1.3 miles</p> <p>Medical (AdventHealth Centra Care Brandon) 0.4 miles</p> <p>Spoto High School 0.85 miles (C) (3.5 by car) McLane Middle School 5.80 miles (C) Ippolito Elementary 1.0 miles (C) (3.6 by car)</p> <p>Did not provide detailed employment information (state proximity to commercial center in Brandon makes it convenient place for workforce to live)</p>	<p>FHFC Proximity Score: 17.5</p> <p>Two bus stops 0.3-0.4 miles on Bloomingdale Avenue</p> <p>Grocery (Super Target) 0.3 miles</p> <p>Pharmacy (CVS) 1.3 miles</p> <p>Medical (AdventHealth Centra Care Brandon) 0.4 miles</p> <p>Spoto High School 0.85 miles (C) (3.5 by car) McLane Middle School 5.80 miles (C) Ippolito Elementary 1.0 miles (C) (3.6 by car)</p> <p>Employment: access to I-75 corridor with employment centers Citi Group, JP Morgan Chase, USAA, & Ford Motor Credit Company. Westfield Brandon Mall (2.0 miles)</p>	<p>FHFC Proximity Score: 18.0</p> <p>Bus Stop 0.16 miles for access to west & 0.20 for access to east</p> <p>Grocery (Walmart Supercenter) 0.2 miles</p> <p>Pharmacy (Walmart) 0.2 miles</p> <p>Medical (Brandon Regional Hospital) 1.2 miles & MedExpress Urgent Care 0.75 miles</p> <p>Brandon High School 1.98 miles (C) (2.4 by car) Mann Middle School 1.1 miles (C) (1.9 by car) Yates Elementary 0.5 miles (C) (0.9 by car)</p> <p>Employment: Brandon Regional Hospital (1.2 miles), Westfield Brandon Mall (3.5 miles) & other retail, restaurants & professional employment</p>
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	<p>Housing Credits Bank Loan No other sources</p> <p>HFA Loan: 0.5% of TDC</p>	<p>Housing Credits Bank Loan No other sources</p> <p>HFA Loan: 0.4% of TDC</p>	<p>Housing Credits Bank Loan No other sources</p> <p>HFA Loan: 0.5% of TDC</p>

**ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING**

	Arbors at Valhalla Pond	City Edge	Kelsey Cove
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	Yes, 30-year term	Yes, 30-year term	Yes- 20 years
Projects located within a Geographic Area of Opportunity or Small Area Difficult Development Area, as defined by the Florida Housing Finance Corporation	Both	Both	Both
Family demographic as defined by FHFC	Family	Family	Family

6. Commentary on Applications:

From the County: Essentially all of the projects are in areas with limited public transportation but with access to shopping, jobs, etc. Neither of the projects listed are in areas of redevelopment for the County. All of the projects are slated for perpetuity which is great. Vestcor has increased the number of set asides for ELI to 15% but has extended the income eligibility up to 70%. Subsequently, both Southport and Richmond have kept the minimal set asides of 10% and capped the income at 60%. The only other distinguishable feature listed is the product; Vestcor and Southport are Wood Framed with Richmond being concrete, which typically holds up longer. I would also be interested to know the amenities that each developer is offering to the residents. As we move forward, I believe location and relevant amenities should be key determinants in the process.

[Concerning the State Road 60 Overlay District] That is an Overlay District which runs from I-75 to Dover Road. It is triggered by the cost of improvements relative to assessed value of buildings, the regulations affect signage, landscaping, screening, buffers, parking, and drive-through locations and building design. It is not a revitalization area and does not include a housing element

Executive Director Commentary:

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**. All three applications would provide needed affordable housing that meets FHFC standards. However, there are differences between the applications within the HFA’s priorities.

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

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

ANALYSIS OF LOAN REQUESTS LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

The **HFA's experience** with Richman Group has been excellent, eleven bond deals that are all well-constructed and managed. Although the HFA of Hillsborough County has not had direct experience with Southport and Vestcor, in my role as Financial Advisor to the Jacksonville HFA, I have had excellent experience with both. It should be noted that this criterion is not designed to exclude new developers, but to exclude developers with whom the HFA has had negative experiences.

The **costs** of all developments are reasonable, with City Edge slightly higher due to concrete construction.

All applicants must meet the FHFC/HFA **energy efficiency, development amenity, and resident program features**. Kelsey Cove has clear description and list of three resident programs that exceed HFA requirements. City Edge addressed FHFC programs, but I can see two FHFC programs that exceed HFA requirements.

Long-term affordability is critical to meeting the needs of working families and protecting properties from being flipped to market rate units after a limited time. All the developments have agreed to perpetuity. The concrete construction of City Edge enhances the ability for long term affordability due to greater durability of the structures.

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. Kelsey Cove commits to 7.5% serving youth aging out of foster care or the homeless.

Maximum Economic Impact is an evaluation criterion closely related to the size and cost of a development. City Edge (120 units) has a total economic impact of \$71.6 million, followed by Kelsey Cove (108 units, \$60.2 million total economic impact), and The Arbors at Valhalla Pond (96 units, \$54.6 million total economic impact).

All developments will be of high quality and provide a **lift to the surrounding neighborhoods**. However, the Kelsey Cove would provide new affordable housing in a community that has been "built-out" for several years. City Edge and Arbors at Valhalla Pond are both located in an area with new market rate development.

Access to public transportation, services and employment is summarized below. All three developments have access; however, Kelsey Cove has slightly superior overall proximity.

Public Transportation: Kelsey Cove has one bus stop east and westbound bus stops within 0.2 miles of the site. Kelsey Cove and Arbors at Valhalla Pond have east and westbound bus stops within 0.3 to 0.4 miles of the sites.

ANALYSIS OF LOAN REQUESTS LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

Other Services:

Kelsey Cove has a grocery and pharmacy next door at a Walmart Supercenter. City Edge and Arbors at Valhalla Pond have a grocery store (Super Target) 0.3 miles from the sites, and a CVS pharmacy 1.3 miles away.

The Arbors at Valhalla Pond and City Edge have AdventHealth Centra Care Brandon 0.4 miles from the sites. Kelsey Cove has MedExpress Urgent Care 0.75 from the site, and the Brandon Regional Hospital 1.2 miles away.

Kelsey Cove is 0.5 miles from Yates Elementary School by straight-line distance. Using driving distance, the three schools are 0.9 to 2.4 miles away. The Arbors at Valhalla Pond and City Edge are 0.8 miles from Spoto High School by straight-line distance. Using driving distance, the three schools are 3.5 to 5.8 miles away.

In the FHFC proximity scoring system Kelsey Cove scores 18.0 points, and Arbors at Valhalla Pond and City Edge score 17.5 points. All meet FHFC threshold.

Employment:

City Edge and Kelsey Cove provided detailed information on **nearby employment** Both are located near major employment centers. Kelsey Cove is nearer employment in Brandon, while City Edge has better access to the I-75 job corridor.

The **leveraging** of HFA funds was analyzed, with each development requesting only \$100,000 to \$115,000 of HFA funds. City Edge leverages those funds into the most units (120), but least bedrooms (180), while Arbors at Valhalla Pond leverages the funds into the most bedrooms (222), but least units (96). Kelsey Cove is 2nd on both measurements (108 units, 198 bedrooms).

While different, the **loan terms** for the three developments have almost identical NPV cost to the HFA (minimum necessary to achieve FHFC requirement of \$75,000 value).

Kelsey Cove and Arbors at Valhalla Pond are garden-wood **construction**, with City Edge garden-concrete. Concrete construction provides longer term benefits in terms of reduced maintenance.

Geographic Area of Opportunity or Small Area DDA: All developments are located in GAO's and Small Area DDA's.

Family Demographic: All developments are family demographic, as required by FHFC. As a note, elderly residents are not excluded from family developments. They are open to persons of all age groups (while elderly demographic is age limited).

ANALYSIS OF LOAN REQUESTS LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

The three applicants all meet threshold requirements within the HFA's NOFA, and are similar in many selection criteria. The following attempts to summarize areas of importance or difference between the applications.

Arbors at Valhalla Pond

- Long Term Affordability: Perpetuity
- Excellent Proximity, but failed to provide detailed information on nearby employment
- Lowest economic impact due to fewer units/lower total development cost
- Leverages HFA funds into most bedrooms

City Edge

- Long Term Affordability: Perpetuity
- Excellent Proximity, and detailed description of nearby employment and access to I-75 corridor
- #1 economic impact due to greater number of units/higher total development cost
- Leverages HFA funds into most units

Kelsey Cove

- Long Term Affordability: Perpetuity
- Best Proximity (by small margin) and detailed description of nearby employment
- Special Needs Populations: 7.5% youth aging out of foster care or homeless (all others at 5%)
- #2 economic impact due to fewer units/lower total development cost
- Leverages HFA funds into 2nd most units and bedrooms
- Resident programs beyond HFA requirements (3)

7. **FHFC Scoring Analysis:** For this year, FHFC has established a priority to fund one family demographic deal located in a Geographic Area of Opportunity or Small Area DDA within Hillsborough County. The County and City have agreed that the County will support one deal that meets this priority, while the City will support one (backup) deal that does not. Assuming the applicant selected by the County meets FHFC threshold scoring, they will be funded.

8. **Back-Up Development:** City of Tampa supporting the back-up development this year.

ANALYSIS OF LOAN REQUESTS
LOCAL GOVERNMENT AREA OF OPPORTUNITY (PREFERENCE) FUNDING

9. Recommendations:

- Select one application for Geographic Area of Opportunity Funding (preference)
- Establish amount of loan, term of loan, and amortization, for the HFA's Local Government Area of Opportunity Funding loan: Recommend \$115,000 loan/0% interest/no payments until balloon year 20. Having longer term with interest paid adds administrative costs without changing NPV of cost to HFA
- 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, 2021.