

SELTZER MANAGEMENT GROUP, INC.

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November 9, 2022

Mr. Mark Hendrickson
Executive Director
Housing Finance Authority of Hillsborough County
601 E. Kennedy Blvd.
Tampa, FL 33602

Re: Andrew Landing – Housing Finance Authority of Hillsborough County Local Government
Contribution Funding in Conjunction with FHFC RFA 2021-202

Dear Mr. Hendrickson:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) is in receipt of correspondence dated September 7, 2022, from the Housing Finance Authority of Hillsborough County (“HFA”), wherein the HFA offered additional funding in the form of a loan in the amount of \$115,000 for the benefit of Andrew Landing (“Development”). At your direction, Seltzer has reviewed the Application and prepared this Recommendation Letter, which should be reviewed in conjunction with the Credit Underwriting Report (“CUR”) November 7, 2022 prepared by SMG for Florida Housing Finance Corporation (“FHFC”) (Exhibit 1). Seltzer’s findings and recommendations are presented below.

Overview

The Development is to be located on S. US Highway 301, northwest of the intersection of S. US Highway 301 and Balm Riverview Rd, in Unincorporated Hillsborough County, Florida. The Development will consist of 108 units within one residential mid-rise, concrete/masonry building. Andrew Landing, Ltd. (“Applicant” or “Borrower”), a subsidiary/affiliate of The Vestcor Companies (“Vestcor” or “Developer”), committed to the following FHFC and HFA set-asides:

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	HC	10.0%	11	33%	50
	HC	90.0%	97	60%	50
	HFA	10.0%	11	33%	Perpetuity
	HFA	90.0%	97	60%	Perpetuity

HFA Set Aside Commitment: The Applicant committed to set aside, in perpetuity, at least 10% of the units (11 units) as Extremely Low Income (“ELI”) set-aside units for households earning 33% or less of the Area Median Income (“AMI”), and the remaining 90% of the units (97 units) set aside for households earning 60% or less of the AMI.

HFA Special Needs Set-Aside Commitment: The Development must set aside seventy percent (70%) of the ELI Set-Aside units (8 units), for Persons with Special Needs. The Applicant selected the at-risk population of Youth Aging Out of Foster Care.

HFA Design Features, Amenities, and Resident Programs Commitment: The Development must provide the features, amenities, and resident programs, in perpetuity, as reflected in Exhibit 2. The Plan and Cost Review dated November 8, 2022 confirms that all the features and amenities are included in the plans and specifications as reflected in Exhibit 2.

Proposed Third Mortgage HFA Loan

In exchange for the Development's commitment to the HFA to set aside units at the AMI levels, and for the affordability/compliance period(s) as reflected above, the HFA will provide a loan in the amount of \$115,000, for permanent financing of the Development. The loan will be non-amortizing with a term of 20 years and a 0% interest rate, with all principal due at maturity.

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage	Truist Bank ("Truist")	\$20,610,000	\$0	\$0.00
Regulated Mortgage	NLP	\$0	\$5,000,000	\$46,296.30
Local Government	Hillsborough	\$0	\$115,000	\$1,064.81
HC Equity	Truist CC	\$10,923,908	\$27,309,769	\$252,868.23
Deferred Developer Fee	Co-Developer	\$3,704,786	\$3,056,201	\$28,298.16
Operating Deficit Reserve	Deferred ODR	\$242,276	\$0	\$0.00
TOTAL		\$35,480,970	\$35,480,970	\$328,527.50

Housing Credit Equity Investment

The HC syndicator, Truist Community Capital, LLC ("Truist CC"), will provide a net equity investment of \$27,309,769 in exchange for 99.99% ownership interest in the Borrower (syndication rate per dollar of \$0.95). At least 15% of the total equity will be provided prior to or simultaneously with the closing of the construction / permanent financing.

Use of Funds

DEVELOPMENT COST CATEGORY	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Total Construction Costs:	\$17,460,000	\$22,330,145	\$22,330,144	\$206,761	\$447,349
Total General Development Costs:	\$2,800,660	\$2,923,820	\$2,813,242	\$26,049	\$980,350
Total Financial Costs:	\$915,000	\$1,956,100	\$2,241,699	\$20,756	\$793,472
Total Non-Land Acquisition Costs:	\$0	\$0	\$0	\$0	\$0
Total Other Development Costs:	\$3,388,102	\$4,353,609	\$4,353,609	\$40,311	\$0
Total Acquisition Costs:	\$3,500,000	\$3,500,000	\$3,500,000	\$32,407	\$3,500,000
Total Reserve Accounts:	\$0	\$245,723	\$242,276	\$2,243	\$242,276
TOTAL DEVELOPMENT COSTS:	\$28,063,762	\$35,309,397	\$35,480,970	\$328,528	\$5,963,447

Notes to the Total Development Costs:

Per the FHFC RFA 2021-202, the FHFC Total Development Costs ("TDC") are limited on a per unit basis on the construction type of the units as indicated by the Applicant. The Applicant indicated a construction type of New Construction, Mid-Rise, Enhanced Structural Systems ("ESS"), which at Application had a maximum allowable per unit cost of \$413,640. Based on changes to TDC limits as approved at FHFC's June 2018 Board meeting, March 2020 Board meeting, and July 2021 Board meeting, the maximum allowable per unit cost is \$446,731.20 Andrew Landing's final TDC per unit is \$293,876.80 which does not exceed the maximum TDC per unit.

Mr. Mark Hendrickson
Andrew Landing
September 8, 2022

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.349
DSC - Second Mortgage plus Fees	1.349
DSC - All Mortgages and Fees	1.349

Financial Ratios	
Operating Expense Ratio	54.3%
Break-Even Ratio	84.0%

Recommendations

Seltzer recommends that the HFA consent to and approve a local government contribution in the form of a \$115,000, for permanent financing of the Development. The loan will be non-amortizing, with a term of 20 years and a 0% interest rate. All principal will due at maturity. Closing of the transaction is subject to the following conditions:

1. Any reasonable requirements of the HFA and/or SMG.
2. All other due diligence required by the HFA, its Legal Counsel and/or Servicer.

Please do not hesitate to contact me at 850-233-3616 ext. 249 if I can be of further assistance.

Sincerely,

Seltzer Management Group, Inc.



Barbara Smith
Associate Credit Underwriter

Exhibit 2

Andrew Landing

Housing Finance Authority of Hillsborough County

Description of Features and Amenities

Certain design features, development amenities, and resident programs will be required, in perpetuity, and shall be reflected in a Land Use Restriction Agreement and recorded at closing. The committed features, development amenities, and resident programs are:

1. In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act Requirements, the following items are required:
 - Air conditioning (window units are not allowed), in all units
 - Dishwasher, in all new construction units
 - Garbage Disposal, in all new construction units
 - Cable TV Hook-Up, in all units
 - At least two full bathrooms in all 3 bedroom or larger new construction units
 - At least 1 and ½ bathrooms (one full bath and one with at least a toilet and sink) in all new construction 2-bedroom units
 - Full sized appliances in all units
 - Bathtub in at least one bathroom in new construction non-elderly units
 - For New Construction Units:
 - Window Treatments - mini-blinds
 - Carded entry to building
 - Exterior finish – cementitious siding
 - Microwave Oven
 - Fire Sprinklers in all Units
 - Steel entry door frames
 - Termite prevention/detection system
 - Exterior lighting
 - Double compartment kitchen sink
 - Laundry Hook-ups and space for washer/dryer inside each unit
 - Non-smoking buildings
 - For Non-Elderly Developments, or developments with non-elderly units. The selected items must be on-site.
 - Exercise room with appropriate equipment
 - Community center or clubhouse
 - Car care area (for car cleaning/washing)
 - Childcare facility located within three miles of the property.
 - Public transportation located within one-half mile of the property
 - Library/study room consisting of a minimum of 100 books and 5 magazine subscriptions
 - Community Garden
 - Picnic area with at least three permanent picnic tables and a permanent outdoor grill
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Exhibit 2

Andrew Landing

Housing Finance Authority of Hillsborough County

Description of Features and Amenities

Energy Conservation Features for all units in the Development

2. Mandatory Features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
 - Toilets: 1.6 gallons/flush or less
 - Faucets: 1.5 gallons/minute or less
 - Showerheads: 2.2 gallons/minute or less.

3. Green Building Features

- Programmable thermostat in each unit
- Energy Star ceiling fans in all bedrooms and living areas
- Energy Star qualified roofing material or coating
- Energy Star exhaust fans in bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings

The resident programs to be provided are:

4. Resident Programs for All Applicants:

- Health Care – Mandatory – Regularly scheduled visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided at no cost to the resident: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided.
 - Resident Activities – Mandatory – Regularly scheduled, specified activities, planned, arranged, managed, and paid for by the Applicant or its management agent as an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities such as holiday or special occasion parties, community picnics or cookouts, newsletters, children’s special functions, etc., to bring the resident together, foster a sense of community, and encourage community pride.
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Exhibit 2

Andrew Landing

Housing Finance Authority of Hillsborough County

Description of Features and Amenities

- On Site Voter Registration – Mandatory – The Applicant or its Management Agent shall work with the County Supervisor of Elections to arrange on-site voter registration. The registration shall be at least quarterly, and shall be during weekend and other traditionally non-work times.
 - Financial Counseling – Mandatory – This service must be provided by the Applicant or its Management Agent at no cost to the resident. Financial counseling must include the following components; must be regularly scheduled, not less often than once each quarter; must be free of charge to the residents; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as “Learning to Budget”, “Handling Personal Finances”, or “Comparison Shopping for the Consumer”.
 - Computer Training – Mandatory – This training is made in conjunction with the requirement that the Applicant commit one computer for every 50 units, with software and internet access. The applicant must provide quarterly, on-site training classes, OR access to training software on basic computer skills such as word processing and spreadsheets to the residents.
 - Hurricane Preparedness – Mandatory – At least one month before each Hurricane Season, conduct training for residents on how to plan for hurricane and evacuation protocols. At start of Hurricane Season, provide all residents written instructions on planning and evacuation.
 - Life Safety Training – Optional – The Applicant or its Management Agent shall provide on-site courses such as fire safety, first aid (including CPR), etc. at least twice each year, at no cost to the resident.
 - Health and Nutrition Classes – Optional – The Applicant or its Management Agent shall provide on-site classes, at no cost to the resident, at least 8 hours per year.
5. Resident Programs for Non-Elderly Developments:
- Homeownership Opportunity Program – Mandatory – Applicant must provide a homeownership opportunity program available to all residents in compliance with their current lease. The program must set aside 5% of the resident’s gross rent toward a down payment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with
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Exhibit 2

Andrew Landing

Housing Finance Authority of Hillsborough County

Description of Features and Amenities

emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.

- First Time Homebuyer Seminars – Mandatory – Applicant must arrange for and provide at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.