
PUBLIC RESOURCES ADVISORY GROUP

MEMORANDUM TO: Brevard County Housing Finance Authority (“HFA”)

FROM: Public Resources Advisory Group, Inc. (“PRAG”)

SUBJECT: Southlake Towers
Revision of Bond Amount

DATE: April 27, 2020

Southlake Towers, LLLP (the “Applicant”) has requested an increase in the amount of its Multifamily Mortgage Tax-Exempt Project Loan in the amount of \$2,200,000. This increase will cover increased construction and development costs for the development.

The Development:

Southlake Towers is an existing senior apartment facility located at 5501 Pinewood Dr. NE, in Palm Bay, Florida and consists of 85 units which will be rented exclusively to elderly residents age 62 and above. Pursuant to the requirements for the use of tax exempt financing, a Land Use Restriction Agreement encumbering the property will require that 40% of the apartment units are set aside and available only to persons earning less than 60% of median income for as long as the financing is outstanding, or for a term of 30 years, whichever is longer. 100% of the units will be housing credit units and will also be subject to income limits pursuant to the Internal Revenue Service tax credit rules. Existing amenities include laundry facilities, community rooms, dog park and outdoor gazebo.

The Applicant, Southlake Towers, LLLP, has entered into an Agreement of Sale and Purchase of the property with South Atlantic Housing of Brevard, a Florida not-for-profit corporation.

Rehabilitation Plan:

Renovations to the existing apartments will include upgrading of kitchens and bathrooms, replacing appliances, flooring, enhancing lighting and security features and completion of deferred maintenance.

Unit Mix:

	Square Feet	Lower Income (30% of AMI)		Low Income (60% of AMI)		80% of AMI	
		Number of Units	Rent	Number of Units	Rent	Number of Units	Rent
Studio	415	4	\$1,182	14	\$1,182	4	\$1,182
1 BR	540	9	1,217	39	1,217	15	1,217
Total		13		53		19	



Financing Plan and Sources and Uses of Funds

The development will be financed during construction with the proceeds of a tax exempt loan from Wells Fargo, a seller note, deferred developer fee and interim project income. Upon completion of the rehabilitation, Walker Dunlap will originate a permanent loan. The permanent loan will be sold to Freddie Mac, and the construction loan will be repaid.

Source	Lender	Construction	Permanent
First Mortgage	Authority Tax Exempt Note-Wells Fargo/Freddie Mac	\$12,000,000	\$7,720,000
Seller Note	Seller	9,354,652	9,354,652
Reserves	Developer	753,186	753,186
Tax Credit Equity	National Equity Fund	1,219,129	8,127,524
Interim Income	Developer	528,020	739,228
Deferred Developer Fee	Developer	<u>3,732,984</u>	<u>893,380</u>
Total		\$27,587,971	\$27,587,971

Recommendation:

Subject to review of the credit underwriting report and finalization of transaction terms, we recommend that the Brevard County Housing Finance Authority authorize the issuance of a Multifamily Mortgage Tax-Exempt Project Loan in the increased amount of \$13,200,000 for the acquisition and rehabilitation of Southlake Towers.

Map:

