
PUBLIC RESOURCES ADVISORY GROUP

TO: Brevard County Housing Finance Authority

FROM: Public Resources Advisory Group, Inc.

SUBJECT: Tropical Manor

DATE: May 26, 2020

Background:

The Brevard County Housing Finance Authority offers its Multifamily Housing Revenue Bonds Program to stimulate the production of affordable housing. Applicants are required to submit a comprehensive application as well as a credit underwriting report. The Authority's credit underwriting reports are prepared by the same firms that provide this service to the Florida Housing Finance Corporation. The Multifamily Housing Revenue Bonds must be rated in one of three highest rating categories by a nationally recognized rating agency or be sold via private placement to a qualified institutional investor.

Introduction:

Kingdom Development Inc. and HumanKind Housing (the "Applicant") have submitted a request for issuance of \$8,000,000 of tax exempt bonds to finance the acquisition and rehabilitation of Tropical Manor Apartments, located at 1165 Jordan Road, Merritt Island, Florida. A newly formed Florida limited partnership, HKH Tropical LP has entered into a contract to purchase the 85-unit property.

The Development:

The development contains 85 units each including 900 square feet with two bedroom/one bath. A 2019 rehabilitation included new appliances, water heater and package terminal heating and air conditioning.

Additional improvements will include double pane, energy star windows, daylight sensors, timers or motion detectors on all outdoor lighting as well as outdoor seating, splash pad, tot lot, picnic tables and barbeques. The rehabilitation budget is \$2,117,265. Each unit will be equipped with a Smart TV/Computer combination and the landlord will pay for and provide high speed broadband internet and TV.

The development was built in 1968 and utilizes block construction.

Unit Mix:

There is an existing Housing and Urban Development Housing Assistance Payment Contract on the property with a remaining term of 18.5 years. The Applicant is applying for a new 20-year term. All units will be tax credit eligible.



Proposed Financing Plan:

The acquisition and rehabilitation will be financed by a Housing and Urban Development 223(f) loan of \$11,500,000 and tax credit equity of \$3,453,730 and deferred developer fee. The Authority's \$8,000,000 tax exempt note will be cash collateralized with the proceeds of the Housing and Urban Development loan.

Process for Approval of Financing and Issuance of Bonds

The Applicant has requested that the Authority adopt an inducement resolution in the amount of \$8,000,000. After inducement, the Authority will present the comments received at the Tax Equity and Fiscal Responsibility Act hearing to the Board of County Commissioners.

The development is also subject to credit underwriting. The credit underwriting will require a Capital Needs Assessment consistent with the guidelines issued by Florida Housing Finance Corporation.