

JACKSONVILLE HOUSING FINANCE AUTHORITY



Jacksonville Housing Finance Authority Board of Directors Meeting

October 23, 2019

Noon

214 North Hogan Street, 8th Floor

- AGENDA -

Call Meeting to Order

Chair

Approval of Minutes of September 18, 2019 Meeting

JHFA Board

I. Public Comments

A. Public Comments

Public

II. REPORTS

A. Staff and Financial Report

Laura Stagner

- Financial Statement
- Procurement

B. Financial Advisor Memo

Mark Hendrickson

IV. ACTION ITEMS

A. Board Members Declare Conflicts, if any

Board

B. Bond Allocation

Rhonda Bond-Collins

C. Single Family DPA

Laura Stagner

D. Local Government Contribution

Mark Hendrickson

E. Millennium Portfolio

Mark Hendrickson

V. NEW BUSINESS

VI. OLD BUSINESS

A. Update on Single Family Program

Mark Hendrickson

B. New Rental Financings

Mark Hendrickson

C. Update on Existing Rental Properties

Mark Hendrickson

- Recent JHFA Activities/Developments
- Occupancy Report
- Houston Street Manor

Lawsikia Hodges

D. Update on 2020 Legislative Session

Mark Hendrickson

VII. ADJOURN JHFA MEETING

Chair

THE HENDRICKSON COMPANY & COMMUNITY CONCEPTS GROUP

To: Board of Directors, Jacksonville Housing Finance Authority

From: Mark Hendrickson & Susan Leigh, Financial Advisors

Subject: October 23, 2019 JHFA Board Meeting

Date: October 16, 2019

I. 2019 Bond Allocation—Informational

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2019			\$48,897,471	
2018	\$100,000,000	\$ 17,500,000		December 30, 2021
2017	\$ 50,000,000	\$140,700,000		December 31, 2020
TOTAL	\$150,000,000	\$158,200,000	\$48,897,471	

1. The 2019 allocation is \$48,897,471 an increase of \$742,277 (1.5%) over 2018. City Council approved a \$50 million single family TEFRA and allocation has been requested.
2. Each year, the JHFA is required to reserve the bond allocation available for Private Activity Bonds in Duval County. To reserve 2020 bond allocation or State Pool allocation in November, a single family TEFRA hearing is required. Bond counsel has prepared a resolution authorizing the TEFRA and related requests for allocation in the amount of \$50 million.
3. **Recommendation:** Approve Single Family Resolution prepared by Bond Counsel.

II. 2013 Single Family Loan Program—Action

1. The **current program guidelines:**
 - 1st mortgage: 4.125%, 1% origination fee, FHA, VA, RD, 4.625% for Freddie Mac loans
 - First time homebuyers.
 - Income Limit: \$70,386 (1-2 person household) & \$80,944 (3+ person household)
 - Sales Price limit \$199,000.
 - Minimum credit score of 640
 - Interest rate set by the HFA of Hillsborough County, with rate set at level that is anticipated to generate a premium when sold.
 - Loans purchased by the master servicer (US Bank) and converted into MBS.
 - MBS are purchased by the HFA of Hillsborough County, on behalf of all HFA's
 - MBS are sold, with each HFA keeping its pro rata share of any net premium or loss realized from the sale of the MBS.
 - Down payment assistance: \$7,500 second mortgage, due on sale of property, or maturity of first mortgage
 - Mortgage Credit Certificates providing homebuyers a credit in the amount of 50% of mortgage interest paid annually (up to a \$2,000 annually).

2. **DPA Analysis:** The DPA amount was increased to \$7,500 effective March 1, 2019. Loan volume has increased in the last two months, so that additional funds are needed. Ms. Stagner is analyzing the loan fund balances to make a recommendation on the amount available.

DPA AUTHORIZED	
Date	Amount
2012	\$ 250,000
May-15	\$ 200,000
Jun-15	\$ 400,000
Sep-17	\$ 703,000
Jun-18	\$ 250,000
Jun-18	\$ 315,443
Feb-19	\$ 100,000
TOTAL AUTHORIZED	\$ 2,218,443

LOAN VOLUME	\$ 2,388,510
Adjustments	
FHFC	\$ 88,796
Repayments	\$ 122,500
	\$ 211,296
NET VOLUME	\$ 2,192,241
AVAILABLE	\$ 41,229

3. **Rate Change:** The interest rates were decreased by 1% in August 2019.

4. **Program Demographics:**

Sales Price/ # Loans	Loan Amount	Borrower Income	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	MCC Amount
\$139,652 478 loans +13 loans	\$133,807	\$47,283	37.0 47% female	2.3	SF Detached 93% Condo: 2% Townhouse: 6% Existing: 97% New: 3%	Black: 27% White: 40% Hispanic: 19% Mixed: 1% Asian: 8% Other: 5%	\$26,519,967 \$64,999.92 avg. 408 buyers

5. **Lender Originations:** Academy (141), SWBC (119), Prime (55), Bank of England (51), Fairway (52), Pacific Union (23), CMG (13), Network Funding (6), Open (5), DHI (4), Ameris Bank (3), Paramount (2), Resource Financial (1), Guild (2) & GSF (1).
6. **MCC's:** The HFA converted \$200.25 million of bond authority into \$50,063,000 of MCC's. Tranche 1 (\$5.25 million) expired at the end of 2015 with \$1,109,274 not utilized. Tranche 2 (\$10.0 million) expired at the end of 2016, with \$9,668,903 not utilized. Tranche 3 (\$14.75 million) expired at the end of 2018, with \$446,149 not used. Tranche 4 (\$20,062,500) expires December 31, 2020.
7. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of \$132,000 and a 4.125%/30-year mortgage, interest payments in Year 1 = \$6,394. With the 50% MCC rate that the HFA has chosen, **the homebuyer would be able to claim a tax credit of the full \$2,000 per year maximum allowed by federal law** (slightly declining after year 16 as more of monthly payment is principal) until the home buyers sells or moves from the property. The

\$2,000 of tax savings lowers the “functional” mortgage rate for the program from 4.125% to approximately 2.25%.

8. **MBS Sales:** The HFA has executed 133 sales, with net revenues of \$1,463,585 (net meaning after payments to RBC and counsel) coming to JHFA.
9. **Hedges & Exposure:** Hillsborough County has 10 hedges totaling \$12.135 million in place. With full delivery, the projected net revenues are estimated at \$331,238 (shared pro rata with counties based upon originations). The unhedged pipeline as of October 4 is \$0 (changes daily).
10. **Size of Program:** The initial legislation wherein City Council authorized the program limited it to no more than \$1.5 million of loans in pipeline at any time. In June, the Board changed the authorization to \$1.5 million of unhedged loans. Loans originated or in **progress are \$63.96 million.**
11. **Recommendation:** None.

III. New Rental Financings—Informational

1. **The Waves** closed September 26. **Ashley Square** is moving forward with bond financing, with a new projected closing date of May 2020. This will require a new TEFRA hearing/approval. New applications were received for **Sydney Trace, Cedar Station** and **Parkway Commons**. Sydney Trace is not dependent upon SAIL funding and is moving forward. The other two deals will apply for SAIL, which will determine if they move forward as bond deals.
2. The 2019 Bond Application is now “open”, meaning applications are evaluated on a first-come first-evaluated basis.
3. The **2020 Bonds with SAIL NOFA** and application were published, with a due date of September 5, with two applications received (**Cedar Station** and **Parkway Commons**). Susan Leigh has recused herself from any work on the NOFA, Application and Analysis, and has not participated in the deliberations of staff nor in the drafting of this section of the memo or the analysis. She has a developer client that has made application for the Local Government Contribution/Bonds for a SAIL application to FHFC.
4. The **2020 Bonds without SAIL NOFA** and application will be published later this fall.
5. The Board approved **Gap Financing** for developments using JHFA bonds of \$2 million, with \$1.5 million to **Sydney Trace** and \$0.5 million to **Ashley Square**).
6. **Recommendation:** None.

	The Waves	Ashley Square	Sydney Trace
Developer/ Location	Jacksonville Housing Authority & Vestcor Jacksonville, FL	Blue Sky Communities Tampa, FL	Vestcor Jacksonville, FL
Development Location	Nine scattered JHA public housing sites in Jacksonville Beach	127 E. Ashley St. & 116 E. Beaver St. Cathedral District	Villages of Argyle North side of Merchants Way, west of intersection of Oakleaf Village parkway & Merchants Way 32222
City Council District	Bill Gulliford	Reggie Gaffney	Randy White
Type	New Construction Garden	New Construction Mid-Rise	New Construction Garden
Demographic	Family	Elderly	Family
Bond Request	\$15,800,000 \$129,409/unit	\$16,500,000 \$137,500/unit	\$21,500,000 \$111,979/unit
TEFRA Hearing	2-28-18/3-20-19	2-1-19	TBD
TEFRA Approval	4-24-18/6-11-19	3-26-19	TBD
Preliminary Agreement Expiration	12-31-19	6-20-20	TBD
Credit Enhancement	Private Placement to SunTrust Bank	TBD	Direct Purchase by R4 Capital
Credit Underwriter	First Housing	First Housing	Seltzer
Closing Date	9-26-19	May 2020	Early 2020
Units	127	120	192
Permanent 1st Mortgage Estimate	\$11,240,000	\$6,500,000	\$16,500,000
SAIL & ELI (FHFC)	\$8,675,037	\$7,100,000	\$8,675,037
City Loan		\$1,000,000	\$1,000,000
JHFA Loan	\$115,000	\$110,000	\$1,500,000
Housing Credits	Wells Fargo Bank \$9,903,879 \$77,983/unit	TBD \$9,267,790 \$77,232/unit	Raymond James \$10,133,858 \$52,781/unit
TDC	\$29,726,033	\$26,007,232	\$31,070,899
TDC per unit	\$234,063	\$216,727	\$161,828
Land Cost	\$1,590,000 \$12,520/unit	\$1,500,000 \$12,500/unit	\$2,970,000 \$15,469/unit
Acquisition of Building	NA	NA	NA
Hard Construction or Rehabilitation Cost	\$19,426,566 \$152,965/unit	\$16,590,000 \$138,250/unit	\$20,563,200 \$107,100/unit
Set Aside Period	50 years	50 years	30 years
Set Aside Levels	90%<60% AMI 10%<33% AMI	85.0%<60% AMI 10.0%<33% AMI 5.0%<22% AMI	100%<60% AMI

	Cedar Station	Parkway Commons
Developer/ Location	Southport Development Tampa, FL	Southport Development Tampa, FL
Development Location	East side of Harlow Blvd. approx. 985 feet north of Harlow & 103 rd Street Cedar Hills	901 Main Street North Downtown
City Council District	Brenda Priestly Jackson	Reggie Gaffney
Type	New Construction Garden	New Construction Mid-Rise
Demographic	Family	Family
Bond Request	\$13,500,000 \$105,469/unit	\$14,500,000 \$118,852/unit
TEFRA Hearing	TBD	TBD
TEFRA Approval	TBD	TBD
Preliminary Agreement	TBD	TBD
Expiration		
Credit Enhancement	TBD	TBD
Credit Underwriter	TBD	TBD
Closing Date	Late 2020	Late 2020
Units	128	122
Permanent 1st Mortgage Estimate	\$8,000,000	\$7,900,000
SAIL & ELI (FHFC)	\$7,500,000	\$7,500,000
City Loan	\$0	\$0
JHFA Loan	\$115,000	\$115,000
Housing Credits	TBD \$8,939,237 \$69,838/unit	TBD \$8,436,374 \$69,151/unit
TDC	\$24,091,344	\$25,570,838
TDC per unit	\$188,214	\$213,877
Land Cost	\$895,000 \$6,992/unit	\$2,750,000 \$22,541/unit
Acquisition of Building	NA	NA
Hard Construction or Rehabilitation Cost	\$16,755,200 \$303,900/unit	\$16,461,750 \$134,932/unit
Set Aside Period	50 years	50 years
Set Aside Levels	84%<60% AMI 11%<40% AMI 5%<22% AMI	85%<60% AMI 10%<30% AMI 5%<22% AMI

IV. Local Government Area of Opportunity Funding (Preference)—Action

1. For the upcoming Housing Credit RFA governing large counties, Duval County will not be able to utilize the LGAOF/Preference system. FHFC is requiring that the deal funded in Duval County be located in a Geographic Area of Opportunity.
2. However, the Geographic Area of Opportunity (GOA) applicants will still need a minimum local government contribution. Jacksonville can avoid a return to a lottery system by giving the local contribution to only one deal located within a GOA. This was authorized by the Board in June.

3. Four applications for deals located within GOA's were received. A detailed analysis and recommendations are attached.
4. Additionally, the NOFA remained open, if funds were still available. As no deal outside of a GOA applied by the deadline, the NOFA remained open and one non-GOA application was received.
5. **Recommendation:**
 - Select one application located within a Geographic Area of Opportunity to receive required local contribution
 - Select one application located outside of a Geographic Area of Opportunity to receive required local contribution and would meet FHFC proximity threshold scoring to serve as a backup.
 - \$115,000, 20-year loan term, 0% interest, no payments until balloon at end of year 20, for both contributions
 - All loan commitments and loans governed by Ordinance 2014-185-E.
 - Authorize the Chairman to sign loan commitment letters, and authorize Chair or other Board member to execute loan documents, including subordinations and extension of loan commitment up to 30 days after senior loan closing date;
 - Request the Mayor or other official permitted by FHFC 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 commitment (City programs, length of set-aside, income restrictions).
 - Loan commitment expiration dates of December 31, 2020.

V. Update on Existing Rental Properties—Action

1. **Millennium Portfolio:** The development has cost increases due to physical issues discovered during rehabilitation. *A letter from the developer is attached, which requests a LURA waiver related to air conditioning units. The only basis for the request is essentially that overall costs are higher than anticipated. That is the reason for the personal guaranty of construction completion.* Also, there has been negative press related to disruption of gas and water service at Valencia Gardens due to rehabilitation activities. First Housing has requested that the developer provide an explanation, copied below:

The below response was just provided to the Mayor's office, and I believe it addresses all of your questions below. Please let me know if you would like additional information.

Our CEO Frank Sinito, President Lee Felgar and additional members of the leadership team visited Valencia Way yesterday to meet with residents and assess the work centering around the natural gas lines, which is to resolve both new and longstanding issues that are more extensive than we had originally known.

Currently, the gas has been off for 9 days. The underground piping designed and built decades ago is interconnected, and the gas service is interrelated throughout all buildings. As such, it is required to temporarily shut-off service to the entire property while we are using laser technology to detect the lines and other high-end technology to test the lines.

We are now working with three highly skilled vendors and TECO Energy to expedite this process, but it is complex and time consuming since crews need to dig manually through wet clay as to not interfere with other underground infrastructure; they are working long hours and bringing in specialized equipment.

Additionally, water was unexpectedly turned off for a short period of time on October 9; as soon as property management was made aware of the disruption in water service, we shared a notification with the residents. Understandably, some residents have expressed frustration with the interruptions in utility services.

During this time, pre-scheduled work to the electrical infrastructure took place on Friday, October 4 and Monday, October 7. This planned power outage lasted for an estimated four hours on each day and notice was provided.

We apologize for the interruption - our property management team is focused on minimizing inconveniences to our residents. To do so, we have been providing a daily option for meals during the day and evening, with special attention being given to seniors and those who do not have a microwave. After speaking with residents, we realize there is a need to increase the volume of meals being provided, and we are doing so today. We are also reaching out to social service organization to increase the capacity to provide more resources. Additionally, we have purchased 75 electrical burners to provide upon request.

We are discussing the possibilities regarding rent reduction or other options as we are working to resolve the issue at-hand as soon as possible. Electricity, water and gas utility costs are covered by management.

Further work to the water system is happening today, October 10; water service may need to be shut-off. We have notified residents that this is a possibility. Previously, water service was restored on the same day of the unexpected outage (October 9).

Overall, we are working to have a resolution for the gas as soon as possible; the situation continues to be fluid given the intricacies involved. Unfortunately, we have experienced delays due to adverse weather conditions and faced complexities with the process. Our construction and engineering teams are heavily engaged in this issue.

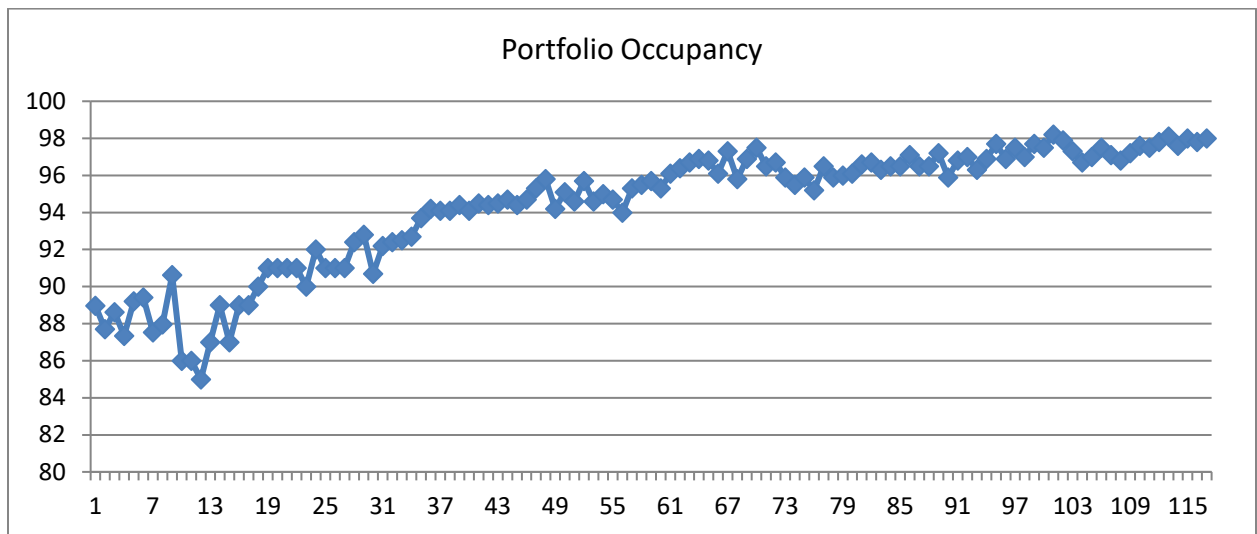
As you may know, as part of the approximate \$24 million rehabilitation, we are developing a plan, in partnership with TECO Energy, that will allow for the replacement of the entire underground natural gas distribution system. Renovation work on the NEI buildings is not impaired by the interruptions in natural gas service.

Stephanie Sinito
Manager of Operations

2. **Houston Street Manor:** There has been no resolution of the outstanding issues, and the JHFA loan has not closed (and will not be until all loan conditions are met).
3. **Caroline Arms:** JHA agreed to administer the project-based vouchers for this development.
4. JHFA marketed its bonds, JHFA loans, and JHFA local government contributions to developers. As a result, the following has been accomplished in the last three years:

Development	Location	Building Type Demographic	Units	TDC	JHFA Loan
Caroline Oaks 4-22-15	North Main, east side just south of E. 43 rd Street	3-Story Elevator NC Elderly	82	\$14,146,603	\$5.6 million bonds \$2.2 million JHFA loan
Cathedral Terrace 1-21-16	701 N. Ocean St.	High Rise Rehab Elderly	240	\$25,604,057	\$12.5 million bonds \$1.0 million JHFA loan
Peyton Ridge 4-7-16	1800 Corporate Square Blvd	3-Story Elevator NC Elderly	120	\$16,894,456	\$115,000
Mt. Carmel Gardens 8-19-16	5746 Mt. Carmel Terrace	High Rise Rehab Elderly	207	\$21,631,853	\$9.75 million bonds
Mary Eaves 8-19-16	East of intersection of Myrtle Ave. N. & West 16 th St.	Mid-Rise NC Elderly	80	\$13,325,568	\$300,000
Lofts at LaVilla 10-12-16	906 West Bay Street	Mid-Rise NC Family	130	\$23,382,885	\$265,000
Timberwood Trace 2-1-17	12250 Atlantic Boulevard	Garden Rehab Family	224	\$31,238,140	\$16.0 million bonds
Oakwood Villa 6-30-17	8201 Kona Avenue	Garden Rehab Family	200	\$23,092,183	\$12.7 million bonds
Lofts at LaVilla on Monroe 9-29-17	1000 West Monroe Street	Mid-Rise NC Family	108	\$20,245,500	\$303,750
Houston Street Manor	615 Houston Street	Mid-Rise NC Elderly	72	\$21,465,333	\$115,000
Caroline Arms 7-3-18	6457 Fort Caroline Road	Garden Rehab Family	204	\$22,630,922	\$12.5 million bonds
Lofts at Jefferson Station 10-3-18	799 Water Street	Mid-Rise NC Family	98	\$20,943,699	\$225,750
Millennia Portfolio 10-24-18	Valencia (Eureka Gardens) 1214 Labelle Street The Weldon (Moncrief Village) 1650 Moncrief Village Drive N. Palmetto Glen (Southside) 2301 Westmont St. Calloway Cove (Washington Heights) 4229 Moncrief Rd. West	Garden Rehab Family	768	\$129,590,169	\$81.6 million bonds
Desert Winds/Silver Creek 12-28-18	300 Silver Creek Trace	Garden Rehab Family	304	\$38,294,751	\$22.0 million bonds
Monaco Arms 5-31-19	10415 & 10525 Monaco Drive	Garden Rehab Family	156	\$20,375,112	16.38 million bonds
The Waves 9-26-19	Nine scattered JHA public housing sites in Jacksonville Beach	Garden NC Family	127	\$29,726,033	\$15.8 million bonds \$115,000 JHFA loan
TOTAL			2,837	\$443,161,231	\$204.83 million bonds \$4.640 million JHFA loans

5. **Occupancy:** The current portfolio occupancy using a weighted average is 98.0+ (-0.2%).
6. **Recommendation:** Deny LURA waiver request for Millennia Portfolio.



VI. State Legislative Update—Informational

1. The 2020 legislative session begins in January, with committee meetings beginning in September.
2. The focus will be on maintaining support for full funding from the Governor and Senate, and attempting to move the House to the same position.
3. The P5 Group and Bascom Communications have been retained.
4. Based upon the August 2019 Revenue Estimate, \$350.77 million will be available from the Housing Trust Funds for FY 20-21 appropriations. SHIP is \$245.8 million and FHFC Programs (SAIL) \$104.97 million.
5. The full-funding SHIP distribution by County/City has been generated and is attached. With full funding, Jacksonville would receive \$11,403,757.
6. The legislator one-pagers are available under the “Advocacy” tab at www.sadowskicoalition.org
7. **Recommendation:** Meet with local legislators prior to the session.

ANALYSIS OF APPLICATIONS

LOCAL GOVERNMENT CONTRIBUTION WITH HOUSING CREDITS

1. Summary of Applications

The 2020 NOFA had a September 19, 2018 due date. Four applications were received with correct fees. A summary of the proposed developments:

NAME LOCATION Council District	DEVELOPER CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	JHFA LOAN REQUEST	Hard Cost/Unit
Bayou Crossing 300' east of Bennett Creek Drive & Salisbury Road. 7.5 miles south of downtown 1 mile east of I-95, south of Bowden Road District 4 Scott Wilson	Richman Group of Florida Todd Fabbri	116	Family Garden Concrete 3 Story New Construction	\$26,449,841 \$228,016/unit	\$115,000	\$131,448 58% of TDC
Lofts at Murray Hill 840 Edgewood Avenue, South District 14 Randy Defoor	Vestcor Ryan Hoover	117	Family Mid-Rise Wood 4-Story with Elevator (1 building) New Construction	\$24,277,838 \$207,503/unit	\$115,000	\$142,150 69% of TDC
Prudential Place SW corner of Prudential Drive & Hendricks Avenue District 5 LeAnna Cumber	Magellan Housing Nick Inamdar	100	Family High-Rise Concrete 8-Story with Elevator (1 building) New Construction	\$27,693,967 \$276,940/unit	\$115,000	\$185,430 67% of TDC
Vista at Evergreen On Arlington Expressway Service Rd, 200' NW of Service Rd. & Townsend Blvd. District 1 Joyce Morgan	Atlantic Pacific Companies Liz Wong	84	Family Garden Wood 3 Story New Construction	\$14,276,115 \$169,954/unit	\$115,000	\$102,210 60% of TDC

NAME LOCATION Council District	Bedroom Mix	Set-Asides	Affordability Period
Bayou Crossing	1BR 58 2BR 58	10.3% (12 units) <30% AMI 79.3% (92 units) <60% AMI 10.3% (12 units) Market Rate	Perpetuity
Lofts at Murray Hill	Studio 16 1BR 59 2BR 42	15.4% (18 units) <30% AMI 29.9% (35 units) <60% AMI 46.2% (54 units) <70% AMI 8.5% (10 units) Market Rate	Perpetuity
Prudential Place	1BR 57 2BR 35 3BR 8	15.0% (15 units) <30% AMI 43.0% (43 units) <60% AMI 22.0% (22 units) <80% AMI 20.0% (20 units) <140% AMI	Perpetuity
Vista at Evergreen	1BR 84 .	15.5% (13 units) <30% AMI 54.8% (46 units) <60% AMI 22.6% (19 units) <80% AMI 7.1% (6 units) Market Rate	Perpetuity

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

Development Applicant	Project must be located within Duval County	Evidence of ownership or other legal control of site	Set-aside of rental units equal to or greater than the standards for LIHTC or applicable FHFC program	Evidence of land use and zoning authorizing the use of the of the property for multifamily residential uses
Bayou Crossing Bowden Road Housing II GP, LLC	Yes 300' east of Bennett Creek Drive & Salisbury Road.	Yes Deed	Exceeds Perpetuity	Yes PUD FHFC Zoning Form executed by City
Lofts at Murray Hill Lofts at Murray Hill, Ltd.	Yes 840 Edgewood Avenue, South	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes CCG-1 FHFC Zoning Form executed by City
Prudential Place Prudential Place, LLC.	Yes SW corner of Prudential Drive & Hendricks Avenue	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes CCG-1 Downtown Overlay in CBD FHFC Zoning Form executed by City
Vista at Evergreen Vista at Evergreen, Ltd.	Yes On Arlington Expressway Service Rd, 200' NW of Service Rd. & Townsend Blvd	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes CRO District FHFC Zoning Form executed by City

3. Summary of Loan Requests:

DEVELOPMENT	LOAN REQUEST	LOAN TERM	COST PER UNIT	LOAN RATE	COMMENTS
Bayou Crossing	\$115,000	20 years No annual payments Balloon year 20	\$991/unit	0%	Amount required by FHFC to achieve NPV of \$75,000
Lofts at Murray Hill	\$115,000	20 years No annual payments Balloon year 20	\$983/unit	0%	Amount required by FHFC to achieve NPV of \$75,000
Prudential Place	\$115,000	20 years No annual payments Balloon year 20	\$1,150/unit	0%	Amount required by FHFC to achieve NPV of \$75,000
Vista at Evergreen	\$115,000	20 years No annual payments Balloon year 20	\$1,369/unit	0%	Amount required by FHFC to achieve NPV of \$75,000

4. Project Selection Criteria

Those in **BLACK** are from Ordinance 2014-185-E

Those in **RED** are from JHFA Board

Project feasibility as determined by:

- ✓ Applicant's development and construction experience;
- ✓ Applicant's management experience; and
- ✓ 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)
- Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the JHFA or the City;
- The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);
- The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor); and,
- The following shall receive emphasis in scoring:

- Existing projects with either expiring Section 8 rental assistance contracts, or
- The preservation of projects that have expiring affordable housing land use restrictions.
- **The JHFA established the following funding priorities for Applicants applying for the Local Government Area of Opportunity Funding:**
 - ✓ **Location within a Geographic Area of Opportunity**
 - ✓ **Maximum Economic Impact**
 - ✓ **Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement**
 - ✓ **Projects that result in the adaptive reuse or redevelopment of existing structures or properties**
 - ✓ **Proximity to public transportation**
 - ✓ **Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood**
 - ✓ **Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term.**
 - ✓ **Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA**

	Bayou Crossing	Lofts at Murray Hill	Prudential Place	Vista at Evergreen
Applicant's development and construction experience	Extensive	Extensive	Less than others, but good	Extensive
Applicant's management experience	Extensive Richman Property Services	Extensive WRH Reality Services	Extensive Royal American Management	Extensive Atlantic Pacific Community 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)	Appears Feasible \$228,106 TDC/unit HFA loan 0.4% of TDC \$7.2 million private 1 st mortgage (27% of TDC) Cost within FHFC limits Costs: Reasonable \$228,106 TDC/unit \$146,633 Hard Cost/unit (Garden Concrete)	Appears Feasible \$207,503 TDC/unit HFA loan 0.5% of TDC \$6.0 million private 1 st mortgage (25% of TDC) Cost within FHFC limits Costs: Reasonable \$207,503 TDC/unit \$136,500 Hard Cost/unit (Mid-rise Wood)	Appears Feasible \$276,940 TDC/unit HFA loan 0.4% of TDC \$8.0 million private 1 st mortgage (29% of TDC) Cost within FHFC limits Costs: High \$276,940 TDC/unit \$185,430 Hard Cost/unit (High-rise Concrete)	Appears Feasible \$169,954 TDC/unit HFA loan 0.8% of TDC \$1.16 million private 1 st mortgage (8% of TDC) Cost within FHFC limits Costs: Low \$169,954 TDC/unit \$107,071 Hard Cost/unit (Garden Wood)

	\$19,952 General Development Costs/unit \$12,633 Financial Costs/unit \$28,675 Developer Fee/unit \$20,123 Land Cost/unit	\$17,112 General Development Costs/unit \$9,060 Financial Costs/unit \$26,028 Developer Fee/unit \$18,803 Land Cost/unit	\$22,636 General Development Costs/unit \$9,813 Financial Costs/unit \$34,861 Developer Fee/unit \$24,200 Land Cost/unit	\$26,340 General Development Costs/unit \$11,105 Financial Costs/unit \$22,759 Developer Fee/unit \$2,679 Land Cost/unit
	Bayou Crossing	Lofts at Murray Hill	Prudential Place	Vista at Evergreen
Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the or City	Successful bond loan	Successful bond and local government loans	None	None
The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);	Adult Literacy Home Purchase Assistance Financial Management	Employment Assistance Financial Management Homeownership Opportunity Program Quarterly Resident Programs	Adult Literacy Employment Assistance Financial Management Quarterly Resident Programs	Employment Assistance Financial Management Adult Literacy
The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor)	None	None	None	None
Existing projects with either expiring Section 8 rental assistance contracts, or The preservation of projects that have expiring affordable housing land use restrictions	None	None	None	None
Location within a Geographic Area of Opportunity	Yes	Yes	Yes	Yes
Maximum Economic Impact	High \$26.5 million TDC 392 jobs \$56.9 million total economic impact	High \$24.3 million TDC 362 jobs \$52.6 million total economic impact	High \$27.7 million TDC 411 jobs \$59.6 million total economic impact	Relatively Low \$14.3 million TDC 212 jobs \$30.7 million total economic impact

	<p>\$104,000 annual Property Taxes</p> <p>Includes market rate units</p>	<p>\$93,600 annual Property Taxes</p> <p>11,000 FA Commercial and Retail Space Local company Includes market rate units</p>	<p>\$90,000 annual Property Taxes</p> <p>1,000 SF of Commercial Space State that subs, architect & engineer will be local Includes market rate units</p>	<p>\$25,244 annual Property Taxes</p> <p>Discuss efforts for local hiring during construction and ongoing property management & outreach to small, disadvantaged minority & women owned businesses</p>
	Bayou Crossing	Lofts at Murray Hill	Prudential Place	Vista at Evergreen
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	<p>Provides lift to neighborhood Located 7.5 miles south of downtown, 1 mile east of I-95</p> <p>Discuss that raw land being developed in conjunction with successful existing development (Bennett Creek)</p>	<p>Provides lift to neighborhood by bringing residents and replacing older building. Also, could lead to additional revitalization Located in Murray Hill</p> <p>Discuss opportunity to assist upward trend of Murray Hill using mixed income and mixed-use development</p>	<p>Provides lift to neighborhood by bringing residents and replacing older building Located in Downtown Southbank CRA</p> <p>Discuss opportunity for affordable housing in area where opportunities are rare and how development advances the Downtown Investment Authority's plans</p>	<p>Provides lift to neighborhood by bringing new housing Located in Renew Arlington Community Redevelopment Area</p> <p>Discuss impact on area and how development advances CRA's redevelopment plan</p>
Projects that result in the adaptive reuse or redevelopment of existing structures or properties	Vacant land	Removal of older building	Removal of older building	Vacant land
Proximity to public transportation	<p>FHFC Proximity Score: 12.5</p> <p>3 Bus Stops <1.0 miles (nearest 0.3 miles) 4.5 FHFC Proximity Points</p> <p>Grocery (Harvey's) 1.1 miles</p> <p>Medical (Kartsonis Family Medicine) 0.6 miles</p>	<p>FHFC Proximity Score: 14.5</p> <p>3 Bus Stops <0.4 miles (nearest 0.13 miles) 5.5 FHFC Proximity Points</p> <p>Grocery (Winn Dixie) 0.9 miles</p>	<p>FHFC Proximity Score 15.0</p> <p>3 Bus Stops <0.3 miles (nearest 0.15 miles) 6.0 FHFC Proximity Points Skyway within 0.3 miles</p> <p>Grocery (Fresh Market) 1.1 miles</p>	<p>FHFC Proximity Score: 13.5</p> <p>3 Bus Stops <0.7 miles (nearest 0.4 miles) 5.0 FHFC Proximity Points</p> <p>Grocery (Aldi) 1.1 miles</p> <p>Medical 0.99 miles (Baptist Primary Care)</p>

	Southside Middle School (D) 0.6 miles	Medical 0.9 miles (UF Family Health) Upson Elementary School 0.45 miles (B)	Medical 0.3 miles (Baptist Primary Care) 0.2 miles Julia Landon College Preparatory 0.7 miles (A)	Woodland Acres Elementary School 0.58 miles (C)
	Bayou Crossing	Lofts at Murray Hill	Prudential Place	Vista at Evergreen
Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and Leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood	None Housing Credits (67%) Bank Loan (27%) JHFA (0.4%) Deferred Fee (5%)	None Housing Credits (73%) Bank Loan (25%) JHFA (0.5%) Deferred Fee (2%)	None Housing Credits (65%) Bank Loan (29%) JHFA (0.4%) Deferred Fee (6%)	None Housing Credits (91%) Bank Loan (8%) JHFA (0.8%) Deferred Fee (0.2%)
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	JHFA determined most efficient loan terms \$115,000/0%/balloon in 20 years HFA Loan: 0.4% of TDC	JHFA determined most efficient loan terms \$115,000/0%/balloon in 20 years HFA Loan: 0.5% of TDC	JHFA determined most efficient loan terms \$115,000/0%/balloon in 20 years HFA Loan: 0.4% of TDC	JHFA determined most efficient loan terms \$115,000/0%/balloon in 20 years HFA Loan: 0.8% of TDC
Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA	Perpetuity	Perpetuity	Perpetuity	Perpetuity

5. FHFC Selection Process & Back-Up Development

- Each year, FHFC removes the Local Government Area of Opportunity (LGAOF or “preference”) from two large counties, and replaces it with a goal of funding a deal in what they designate as a Geographic Area of Opportunity (GOA). The GOA development only requires the smaller local contribution (\$75,000 NPV, best achieved with \$115,000/20 year/0% loan).
- Because of consolidation, Jacksonville can still achieve a “local preference” by providing the required local contribution to only one deal located in a GAO—and this intent was communicated in the NOFA issued by JHFA. So long as the deal with the local contribution passes FHFC threshold scoring, it will be funded.
- However, if the GOA deal fails threshold in the FHFC scoring due to an error by the applicant, Jacksonville would not receive any funding—unless....
- It is prudent to pick at least one back-up development outside of a GOA to increase the probability that Jacksonville will receive at least one development. This deal will lose to the GOA deal but would be in-line if the preferred deal failed threshold.
- One non-GOA application was received:

NAME LOCATION Council District	DEVELOPER CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	JHFA LOAN REQUEST	Hard Cost/Unit
Cedar Station East side of Harlow Blvd. approx. 985 feet north of Harlow & 103 rd Street Cedar Hills District 10 Brenda Priestly Jackson	Southport Development Brienne Heffner	128	Family Garden Concrete 3 Story New Construction	\$24,191,063 \$188,993/unit	\$115,000	\$111,172 59% of TDC

6. **Development Analysis: All meet threshold and agree to affordability in perpetuity. All will have the same (\$115,000 loan) cost for JHFA. All are family demographic.**

- **Bayou Crossing:**

- ✓ Essentially is Phase II of successful Bennett Creek mixed income development
- ✓ 116 units, divided equally between one- and two-bedroom units (174 bedroom)
- ✓ Concrete construction
- ✓ Good economic impact
- ✓ Fair proximity to public transportation and other services

- **Lofts at Murray Hill:**

- ✓ 117 units, mixed between studios, one- and two-bedroom units (159 bedrooms)
- ✓ Builds affordable rental in Murray Hill to assist upward redevelopment of area, with mixed income component
- ✓ Proven track record with JHFA of delivering units on time and on budget
- ✓ Includes commercial space
- ✓ Excellent proximity to public transportation and other services
- ✓ New apartments and commercial space replace nearly vacant 60-year-old building
- ✓ Clear description of how development will assist redevelopment of Murray Hill neighborhood
- ✓ Good economic impact

- **Prudential Place**

- ✓ 100 units, mixed between one-, two, and three-bedroom units (151 bedrooms)
- ✓ Builds affordable rental in Southbank, with mixed income component. Could be only opportunity for this type of development in that area.
- ✓ Includes commercial space
- ✓ Excellent proximity to public transportation and other services
- ✓ New apartments and commercial space replace older building
- ✓ Highest economic impact, but due to higher costs associated with high-rise building requirements
- ✓ Clear description of how development meets goals of local plans
- ✓ However, this is a newer development company, without as long a track record as others (although the partners are experienced and have completed similar developments)

- **Vista at Evergreen**

- ✓ 84 units, all one-bedroom (84 bedrooms)
- ✓ Builds affordable housing in Arlington

- ✓ Least amount of economic impact
- ✓ Description of how development advances CRA goals
- ✓ Fair proximity to public transportation and other services

7. Recommendations:

- Select one application located within a Geographic Area of Opportunity to receive required local contribution
- Select one application located outside of a Geographic Area of Opportunity to receive required local contribution and would meet FHFC proximity threshold scoring to serve as a backup.
- \$115,000, 20-year loan term, 0% interest, no payments until balloon at end of year 20, for both contributions
- All loan commitments and loans governed by Ordinance 2014-185-E.
- Authorize the Chairman to sign loan commitment letters, and authorize Chair or other Board member to execute loan documents, including subordinations and extension of loan commitment up to 30 days after senior loan closing date;
- Request the Mayor or other official permitted by FHFC 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 commitment (City programs, length of set-aside, income restrictions).
- Loan commitment expiration dates of December 31, 2020.



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(216)520-1250 Office
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October 9th, 2019

First Housing
Ed Busansky
Senior Vice President
107 S. Willow Ave
Tampa, FL 33606

Dear Ed,

Enclosed, please find a detailed narrative outlining the current construction budget issues for the four Jacksonville projects. As you will see, we are facing multiple challenges with the four projects which caused a significant increase to the construction budget of approximately \$4.7 million dollars. These challenges include both unforeseen conditions and various city code enforcement requirements which have been incurred since the permits were issued and city inspections have continued throughout the construction process.

Local Funding Pursuits:

Millennia has been actively seeking additional funding from various sources to offset the additional costs.

- We appealed the decision that our project was subject to full mortgage taxes at the time we acquired the properties. We specifically appealed the notion that all debt was subject to the mortgage tax as this is a LIHTC deal and much of the debt was in a subordinate position precluding it from the tax. Additionally, we also took the position some of the debt represented bridge financing and should not be subject to the mortgage tax as it was not a long-term encumbrance of the project. The result was in our favor and we anticipate the trustee will receive a \$448k refund very soon.
- In June, we toured the properties with the Mayor, and at that time, we made a request to the Mayor's Office to schedule a meeting to discuss additional sources of funding the city might have available to assist with these projects. We are currently working with the city to schedule that meeting for the end of October. We are flexible in taking any approach that the city may be willing to assist with, which could include:
 1. Any federal resources the city administers and allocates, such as HOME and/or CDBG funds
 2. Any real estate tax incentives, such tax increment financing or tax abatement.

R4 Request - Perm Request:

While we are excited about the ruling and hope we are successful in finding additional sources from the city, we also need to be prepared to cover the foreseeable gap with the help of R4. Below are the areas of underwriting we have requested R4 to review and consider to ensure these projects successfully make it to the finish line:

- Purchase full amount of LIHTC. We are now projecting the project will receive \$5,029,210 of annual LIHTC. Assuming the same equity pricing for the new credits as obtained at the time of closing, these credits would generate \$44,212,791 of LIHTC equity. This is \$1,296,141 over the maximum LIHTC equity of \$42,916,650 identified in the LPA. Keeping the equity cap on the deal would reduce the price per credit to \$0.8542 per credit which is a very low effective credit pricing. **Removing the cap will enable the property to fund about 28% of the overage.**

- Review original underwriting regarding the vacancy. The projects are fully subsidized with a Section 8 contract covering more than 99% of the units. They have historically strong occupancy and we know it will only continue as we move forward with the fully rehabilitated units. The result will be occupancy near 100% and absolutely north of 97%. The original underwriting has a 1.15 DCR and 5% vacancy (HUD is at 1.11 and 3%) and we are looking to increase the perm debt by underwriting a 4% vacancy. Utilizing a 4% vacancy shows \$86,527 of additional NOI which equates to \$1,240,000 in additional debt we know the property can support. **Utilizing a 4% vacancy will enable the property to fund approximately 26% of the overage.**

R4 Bridge Facility Request:

As it currently stands, there will not be enough funds to complete the project as any potential new source would be funded post construction completion. The result is a gap in the construction funding of the project which needs to be filled. We know R4 has the current bridge and respectfully request it be increased by \$4.5 million to fund the overage. At worst case, the increased bridge will take priority in terms of repayment from the remaining equity significantly reducing the developer fee to Millennia. At best case, the increased debt and equity will serve to satisfy the debt and have a successful project for all.

First Housing and Jacksonville Housing Finance Authority Request:

While we review the underwriting and potential additional sources of financing options to assist with the construction overages, we ask that First Housing and The Jacksonville Housing Finance Authority consider the following:

- Now that we have determined we will do one cost certification; we would like to combine all the Hard Cost Contingency into one sum for all four projects. This will allow us to continue moving forward with draws while we work towards a solution.
- In order to keep the budget below the \$4.7M noted above, we request an additional waiver to the following agreed upon requirements in the LURA:
 - Minimum SEER of 15 for Unit Air Conditioners at Palmetto Glen and The Weldon – We have directed the Contractor's HVAC subcontractor to evaluate the existing apartment HVAC systems at Palmetto and the Weldon. We are requesting to replace only the systems that are required to be replaced based on the following criteria: will help offset other, unanticipated costs that have increased the construction budget.
 - Useful life expectancy of 10 years
 - Minimum 10 SEER ratings
 - Retained units to be cleaned and repaired to good working order.

If allowed, this will help offset other, unanticipated costs that have increased the construction budget.

It is our objective to be good environmental stewards and replacing viable equipment with new, more efficient equipment is not always the best option. The recuperated costs in added efficiency may never be fulfilled and disposal of the existing equipment creates other needless environmental impact.

Please understand your consideration in this matter is crucial to the completion of these projects. Our mission, as partners, is to improve the quality of life for these residents and we cannot successfully complete this mission if we do not work together on this matter.

Sincerely,

Stephanie Sinito
Millennia Housing Development, Ltd

OCCUPANCY LEVELS

8-31-19

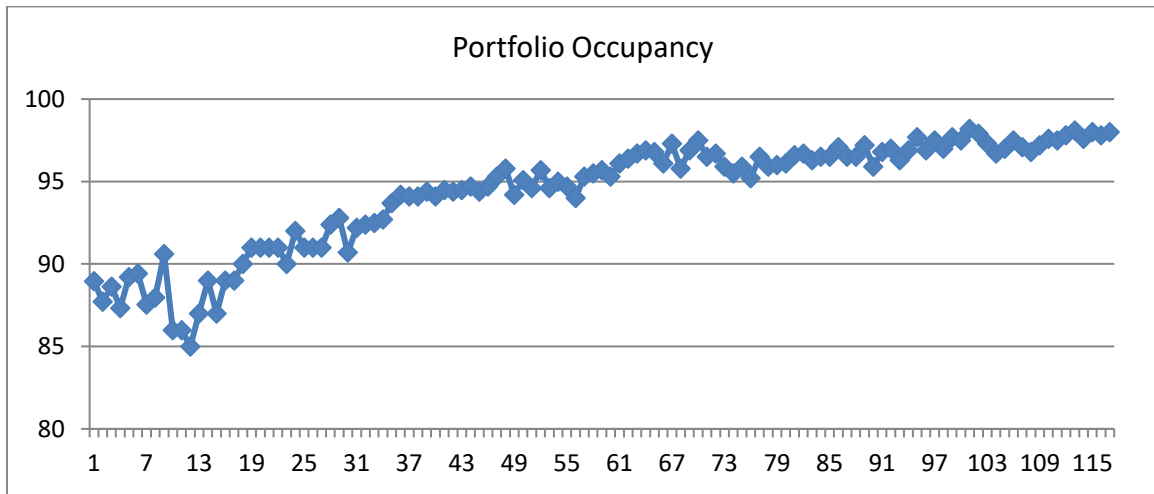
Active Rental Developments—Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 97% (-27)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 97% (-0%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 99% (-28)
Caroline Arms 6457 Fort Caroline Road 32277	Lincoln Avenue	\$12,500,000 7-3-18	204 97% (+1%)
Caroline Oaks 5175 Main Street N. 32208	Vestcor	\$5,600,000 4-22-15	82 99% (-0%)
Cathedral Terrace 701 N. Ocean St. 32202	Blue Sky	\$12,500,000 1-21-16	200 982 (+0%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 98% (-0%)
Desert Winds/Silver Creek 233 Sahara Ct. & 300 Silver Creek Trace 32216	LEDIC	\$22,000,000 12-28-18	304 99% (+0%) Rolling Rehab
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 91% (-1%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan 10-12-16	130 100% (+3%)
Lofts at Monroe 906 W. Monroe Street 32204	Vestcor	Housing Credits \$303,750 JHFA Loan 9-29-17	108 10+% (-1%)
Lofts at Jefferson 799 Water Street 32204	Vestcor	Housing Credits \$225,750 JHFA Loan 10-3-18	98
Millennia Portfolio Calloway Cove: 30% complete Palmetto Glen- 20% complete The Weldon- 26% complete Valencia Way- 27% complete	Millennia	\$81,600,000 10-24-18	768 Rolling Rehab 200/74% 74/82% 94/81% 400/84%
Mary Eaves 1250 16 th Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan 8-19-16	80 4 (-4%)
Monaco Arms 10415 & 10525 Monaco Drive 32218	Lincoln Avenue	\$16,380,000 5-31-19	156 76% (+0%) Rolling Rehab
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 100% (+0%)
Oakwood Villa 8201 Kona Avenue 32211	Southport	\$12,700,000 6-30-17	200 99% (+3%)
Peyton Ridge	Vestcor	Housing Credits \$115,000 JHFA loan 4-7-16	123 100% (+17)
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 98% (-1%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 98% (+1%)

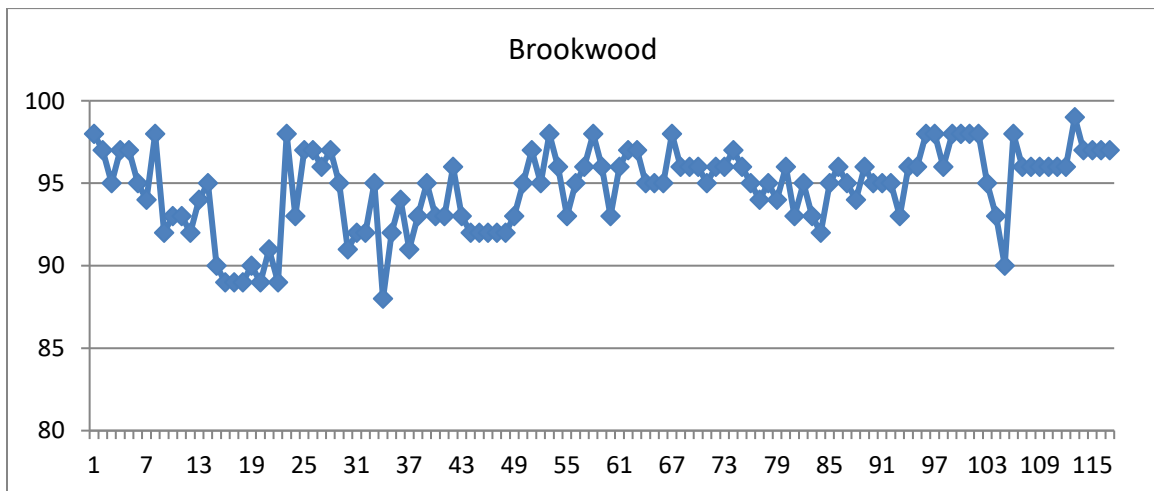
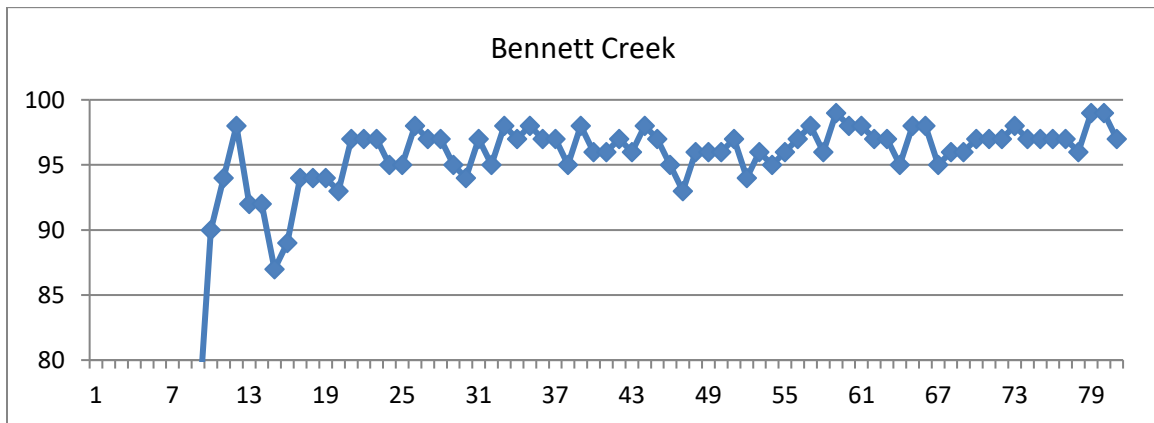
OCCUPANCY LEVELS

8-31-19

117 Month Occupancy Levels—Entire Portfolio Average Occupancy



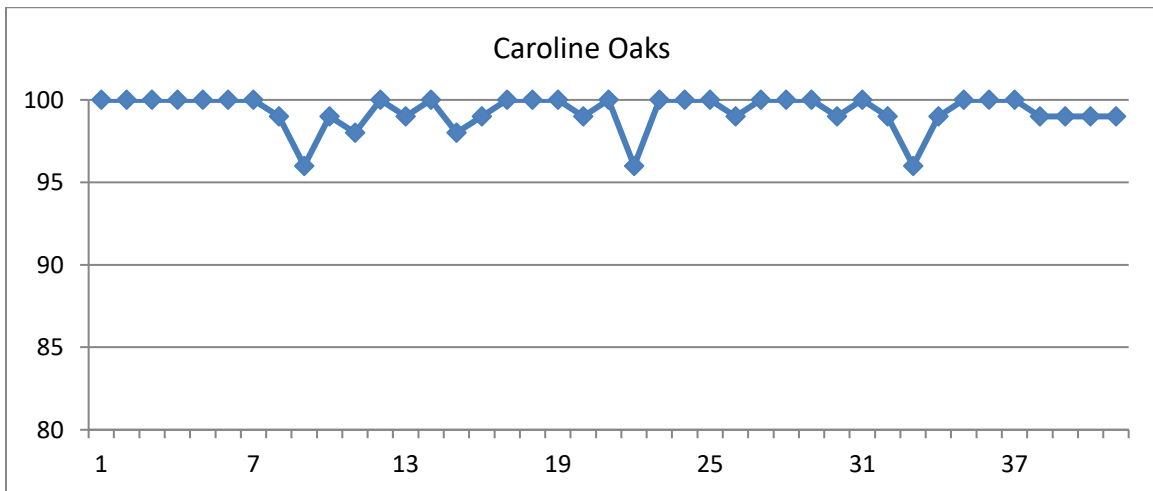
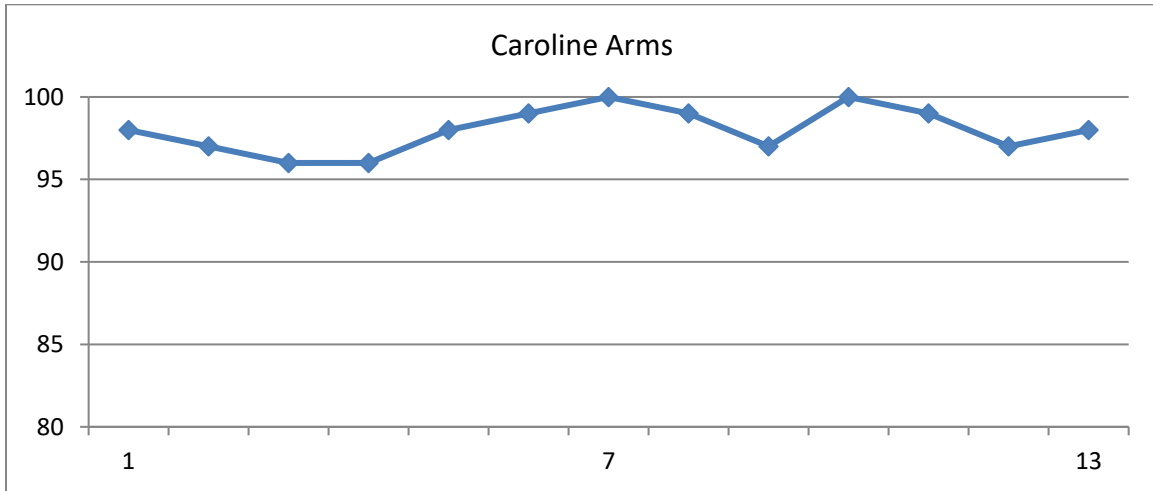
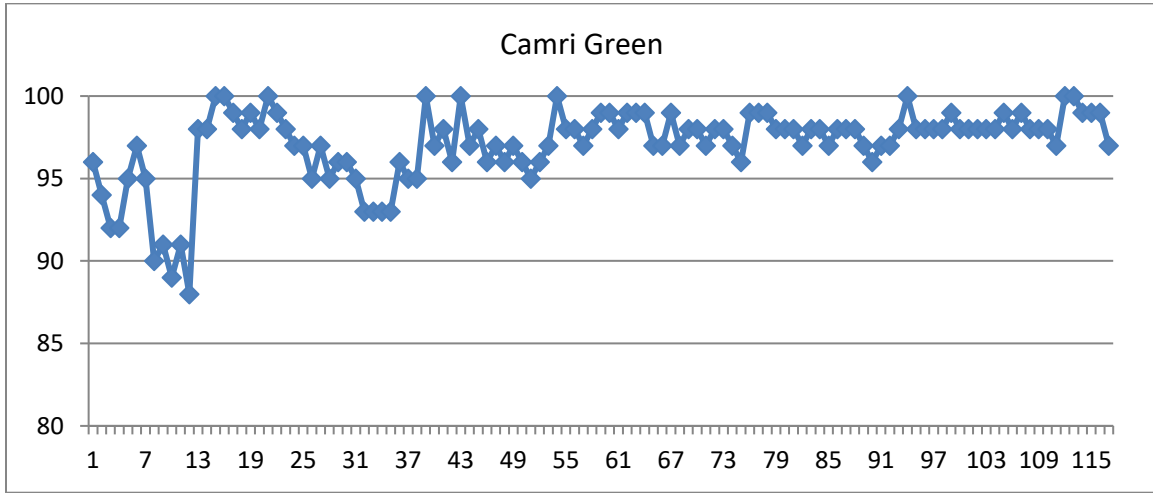
Average Occupancy by Development



OCCUPANCY LEVELS

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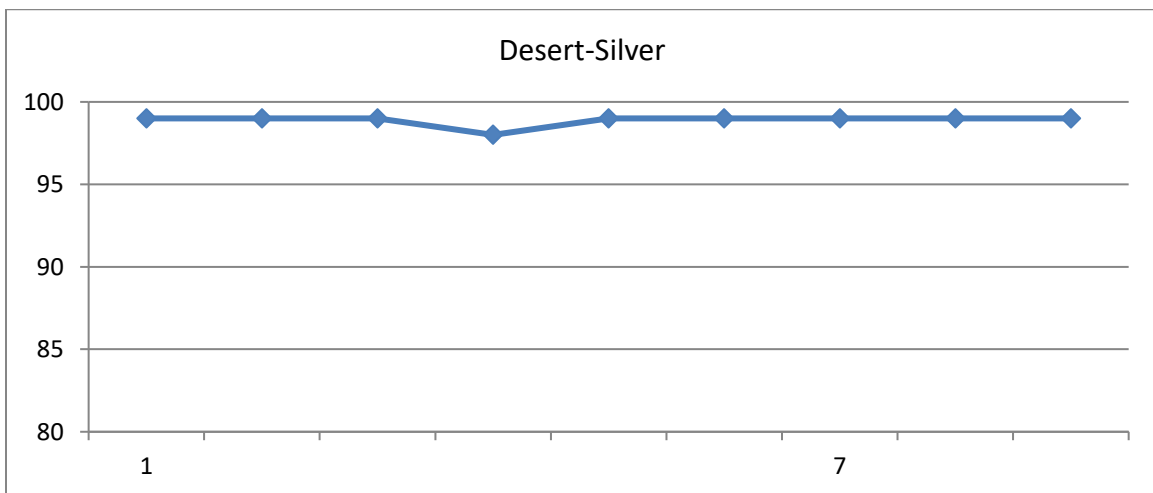
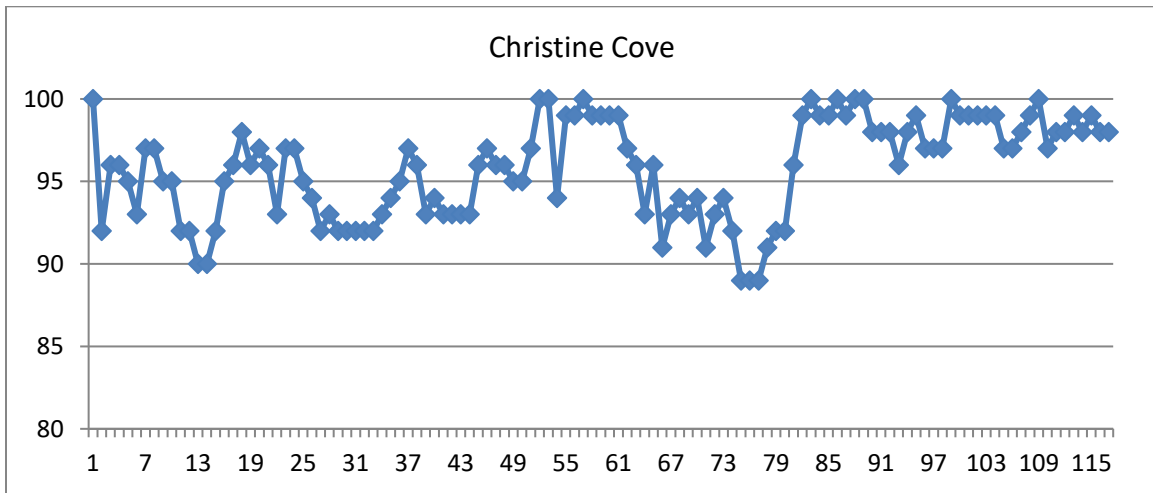
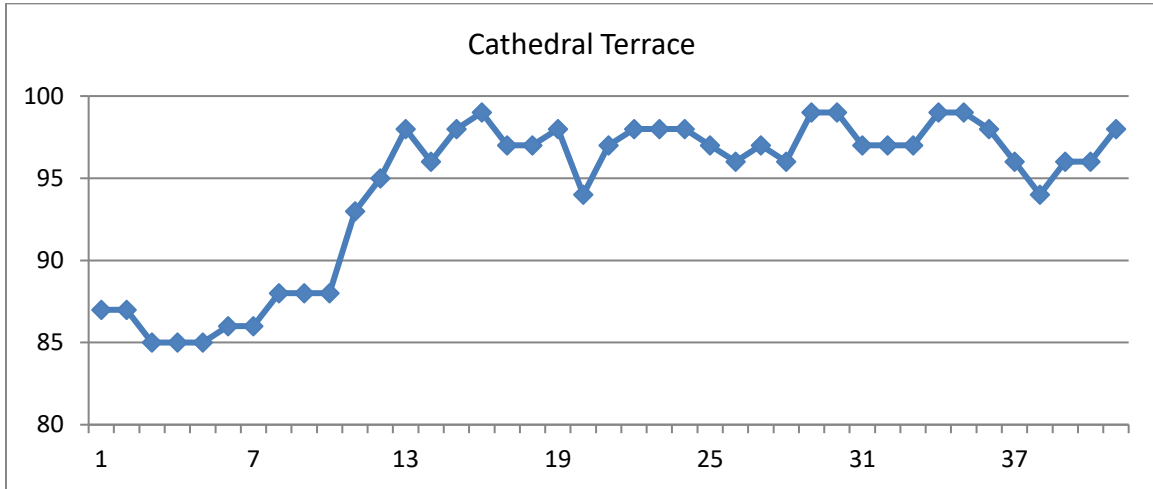
Average Occupancy by Development



OCCUPANCY LEVELS

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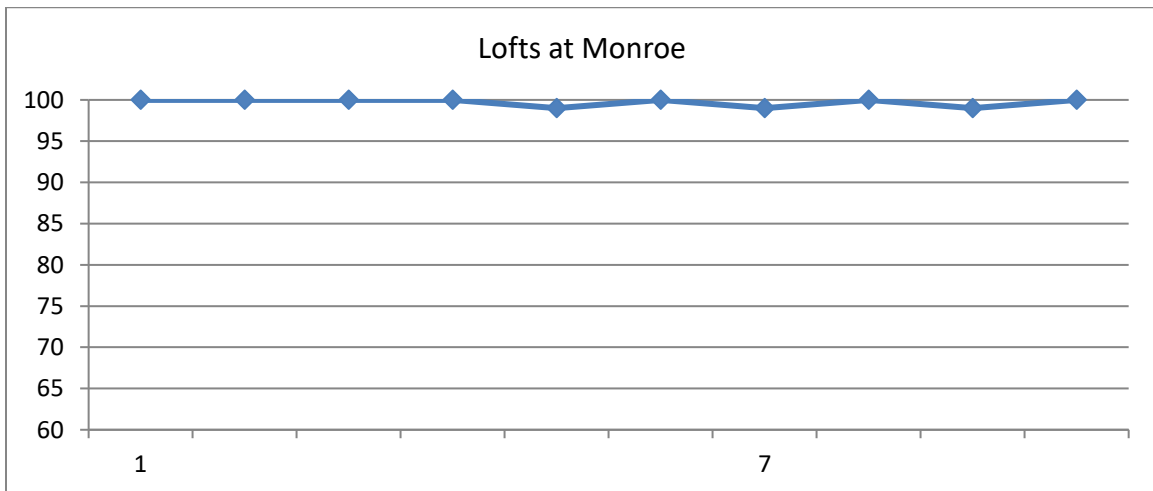
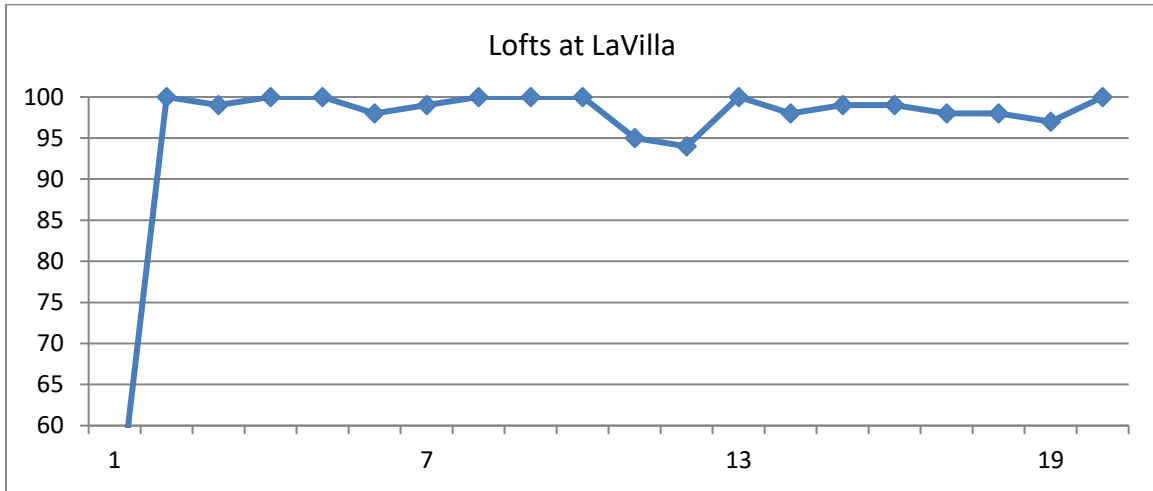
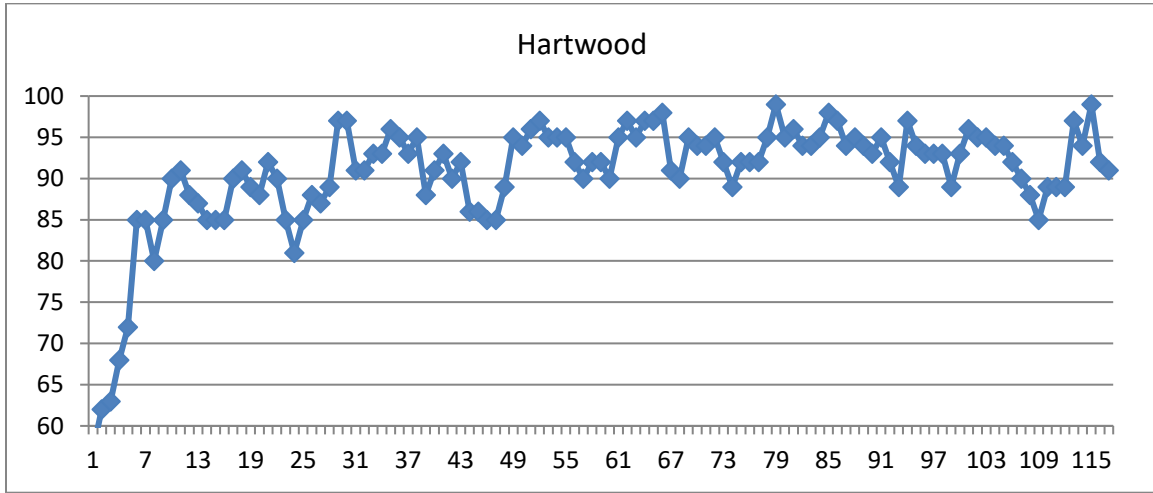
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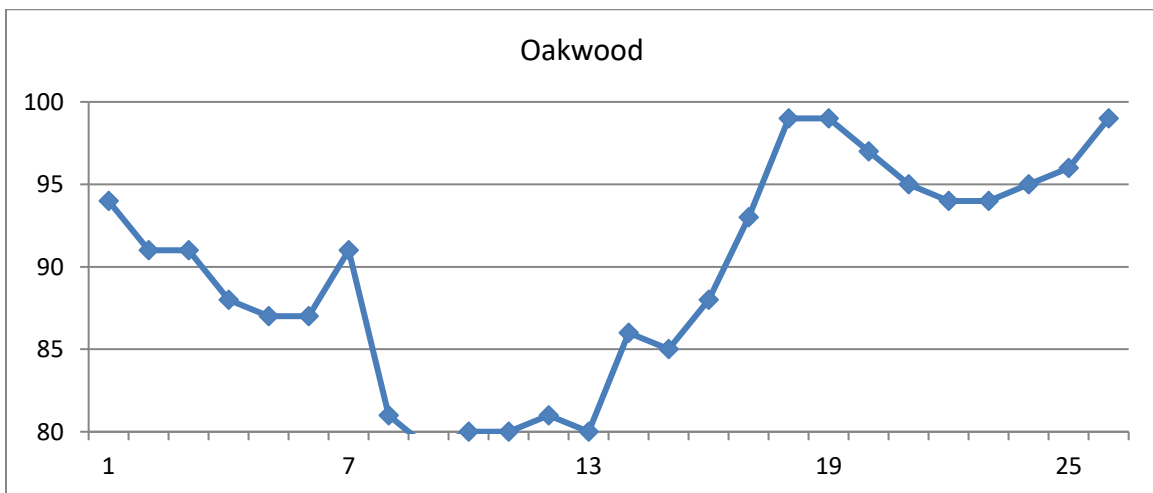
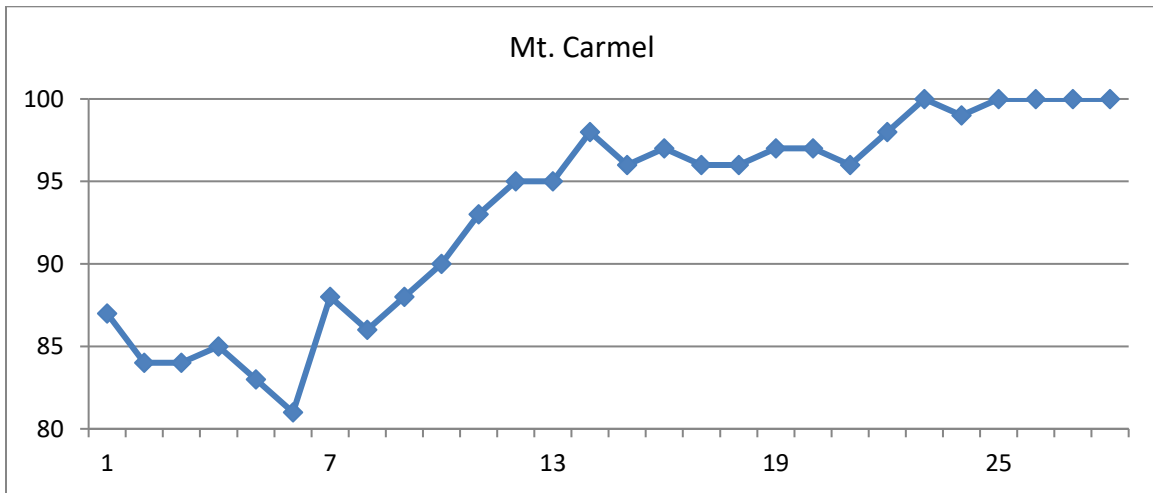
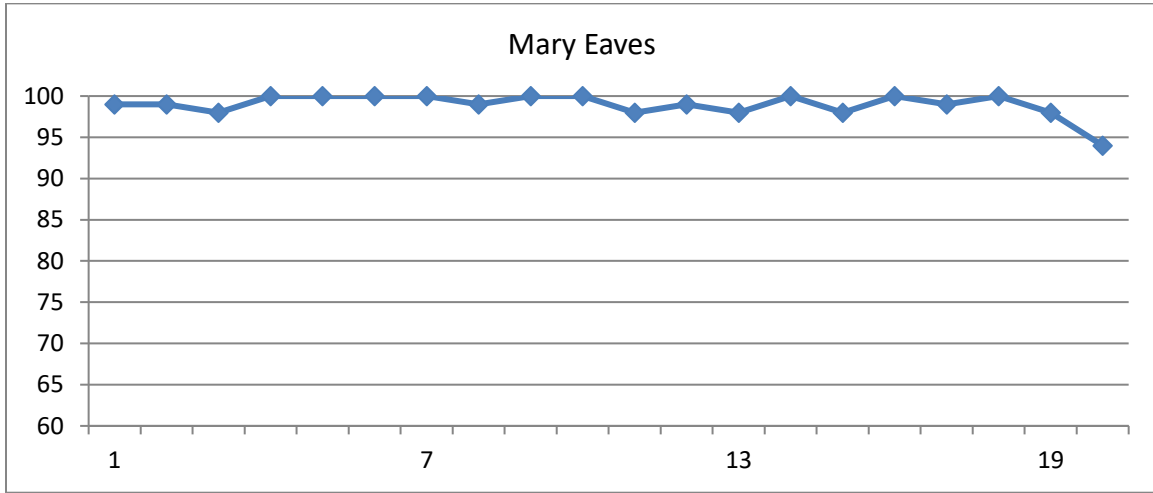
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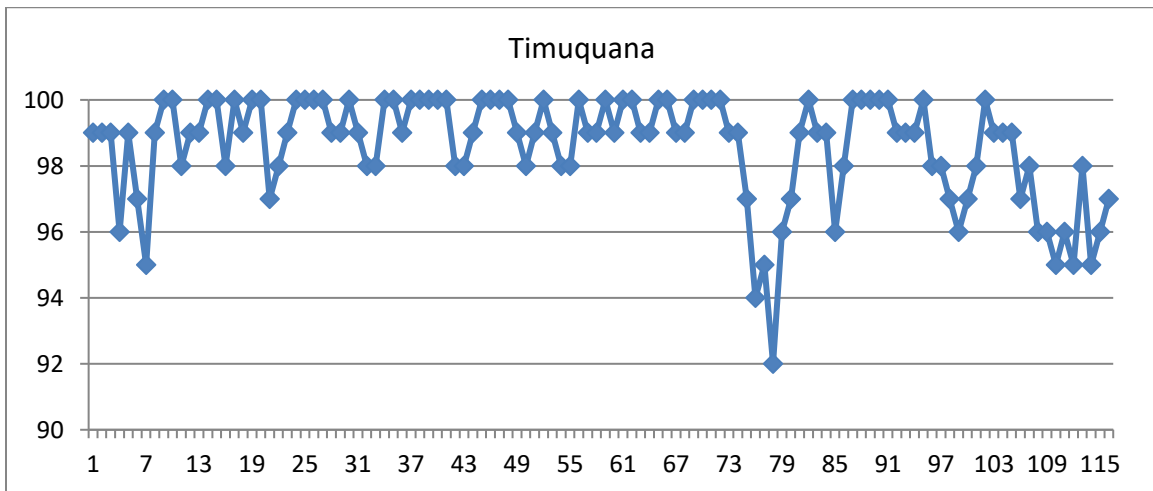
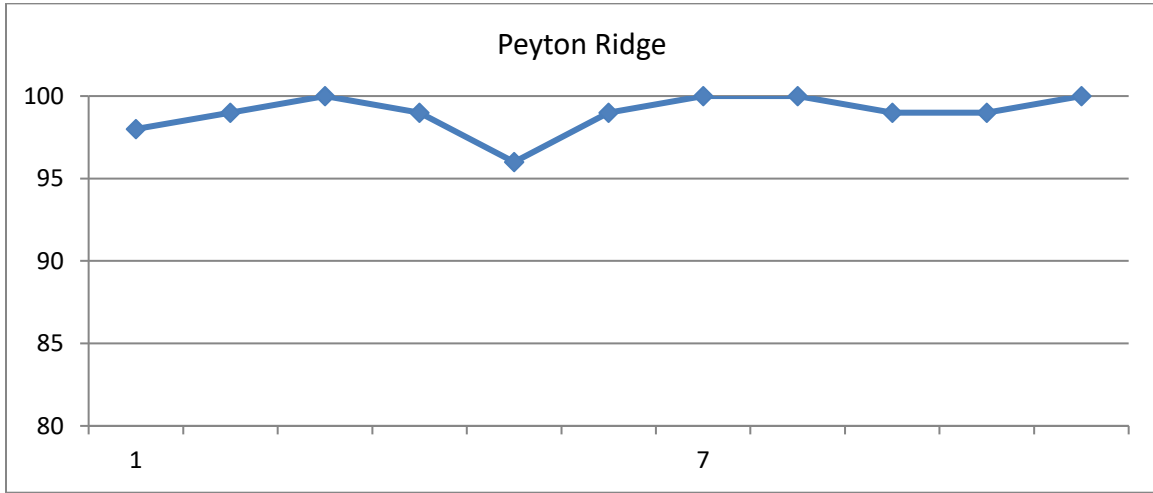
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Average Occupancy by Development



OCCUPANCY LEVELS

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