

**PUBLIC RESOURCES ADVISORY GROUP**

**TO:** BREVARD COUNTY HOUSING FINANCE AUTHORITY  
**FROM:** PUBLIC RESOURCES ADVISORY GROUP  
**RE:** VENUE AT VIERA SENIOR LIVING  
**DATE:** JULY 1, 2020

The Credit Underwriting Report (“CUR”) was prepared by First Housing Development Corporation of Florida. We expect to provide additional information at the Authority meeting concerning the demographic commitment, the rate on the Tranche 2 Bonds and the definition of net available cash flow, together with items that may be clarified prior to the meeting.

**The Development**

The development will have 145 units in a four story mid-rise located at the southeast corner of the intersection of N. Wickham Road and Wyndham Drive in Melbourne, FL. This building is part of a larger multiphase project. Unit amenities will include a balcony or patio, carpeting, dishwashers and garbage disposal and in unit washer and dryer. The common space will include a community room, exercise facility and a picnic area.

The borrower expects that 80% of the units will serve residents age 55+/62+. There will be 37 one-bedroom units, seven on these units will serve households at or below 40% of AMI, 23 will serve households at or below 60% of AMI and seven at or below 80% of AMI. The 46 two- bedroom units will be allocated as follows: nine to serve households at or below 40% of AMI, 28 units to serve households at or below 60% of AMI, and nine for households at or below 80% of AMI. Of the 62 three-bedroom units, 13 will serve 40% and below, 36 will serve 60% and below and 13 will serve 80% and below.

**Financing Structure**

The development is being funded from the following sources:

| Source                        | Lender  | Construction        | Permanent           |
|-------------------------------|---|---------------------|---------------------|
| <b>Tax Exempt Bonds</b>       | Authority Tax Exempt Bonds/Bank United/Fairview | \$16,755,000        | 15,079,500          |
| <b>Tax Exempt Bonds</b>       | Authority Tax Exempt Bonds/Fairview             |                     | 1,675,500           |
| <b>Bridge Loan</b>            | Fl Tax Holdings                                 | 1,092,086           |                     |
| <b>Tax Credit Equity</b>      | Fl Tax Holdings                                 | 9,891,398           | 10,983,484          |
| <b>Deferred Developer Fee</b> | Atlantic Housing                                | 4,566,837           | 4,566,837           |
| <b>Total</b>                  |   | <b>\$32,305,321</b> | <b>\$32,305,321</b> |

**Tranche 1 and Tranche 2 Bonds-Bank United and Fairview Bond Holdings, Inc.**

Bank United will purchase tax-exempt bonds in an amount not exceeding \$16,755,000 (the ”Tranche 1 Bonds”). The Tranche 1 Bonds will be interest only for 36 months during construction. The interest rate will be locked at closing, but is expected to be 2.85% for the first 12 months and 2.25% for the following nine years. First Housing added an 25 basis point cushion for underwriting together with annual trustee fees and the issuer fee of 12.5 basis points.



No later than January 15, 2022, Fairview Bond Holdings, Inc. (“Fairview”) will purchase the greater of the amount of bonds over 70% of the loan to value at completion or 10% of the bonds held by Bank United. Beginning January 15, 2023, Fairview will purchase a minimum of 10% of the original issuance amount through and including 2030.

Bonds purchased by Fairview shall be deemed the “Tranche 2 Bonds” and will be subordinate to the bonds held by Bank United. The Tranche 2 Bonds will pay interest monthly at a floating rate equal to weekly LIBOR plus a spread. The Tranche 2 Bonds will be interest-only for 36 months.

Amortization of the the Tranche 1 and Tranche 2 Bonds will be based on a 42 year amortization period. All payments on the Tranche 2 Bonds are to be made from available cash flow.

**Bridge Loan**

FL Tax Holdings will make an equity bridge loan of \$6,505,029. The bridge loan will bear interest at 8% with a 12 month term . It is anticipated that the bridge loan will be repaid from the last installment of tax credit equity.

**Tax Credit Equity-FL Tax Holdings**

The applicant will apply to FHFC to receive 4% Housing Credits. Pursuant to a letter of interest dated April 23, 2020, the Housing Credit Equity will be purchased by FL Tax Holdings or an affiliate at a syndication rate of \$0.916 per housing credit for a net total equity investment of up to \$10,983,484. \$9,891,398 of the tax credit equity will be available during the construction period.

| Installment  | Amount              | %              | Due Upon  |
|--------------|---------------------|----------------|---|
| 1            | \$3,386,369         | 30.83%         | Closing   |
| 2            | \$6,505,029         | 59.23%         | Prior to completion of construction check LPA                             |
| 3            | 1,092,086           | 9.94%          | Later of final low-income housing credit certification or receipt of 8609 |
| <b>Total</b> | <b>\$10,983,484</b> | <b>100.00%</b> |   |

**Deferred Developer Fee**

In order to balance the sources and uses of funds, the Developer must defer \$4,566,837 or 99.84% of the developer fee.

**Guaranties/Guarantors**

**Construction Completion Guaranty** The Applicant, Venue at Brevard Partners, Ltd.; Southern Affordable Services, Inc.; and FL Tax Holdings will each provide construction completion guaranty. P&P Bonds will be provided by all subcontracts for site work and infrastructure, concrete, mechanical, plumbing, electrical, roofing, and retaining walls. The HFA will be named as a co-obligee on these bonds.

**Operating Deficit Guaranty** The Applicant, Venue at Brevard Partners, Ltd.; Southern Affordable Services, Inc.; and FL Tax Holdings will each provide an operating deficit guaranty. These guaranties will remain in place for a minimum of three years following issuance of certificates of occupancy.



**The Standard Environmental Indemnity Guaranty and the Guaranty of Resource Obligations**

These guaranties will be provided by The Applicant, Venue at Brevard Partners, Ltd.; Southern Affordable Services, Inc.; and FL Tax Holdings.

**Credit Underwriting Report (“CUR”)**

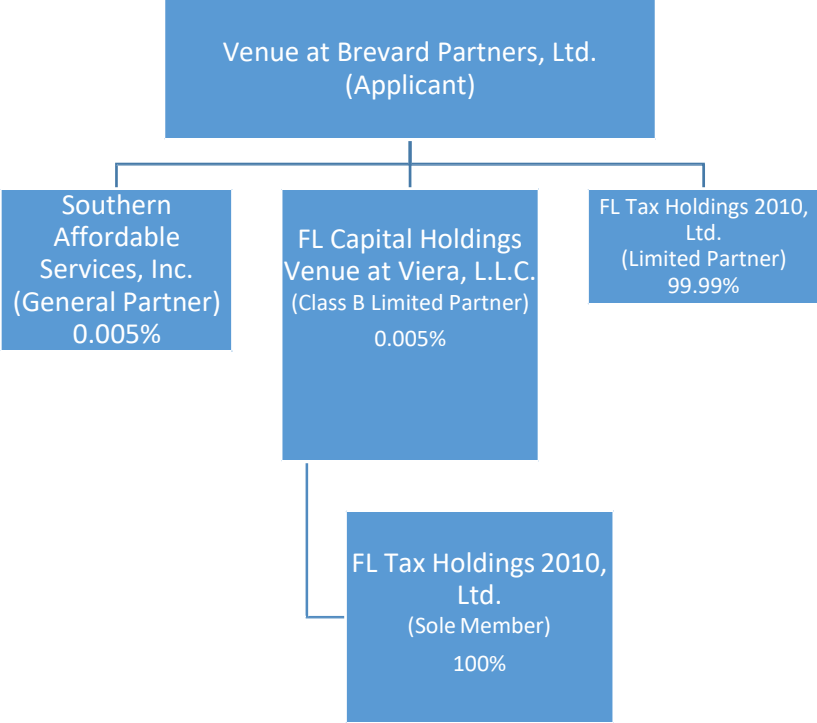
The CUR provided recommends the issuance of tax-exempt multifamily mortgage revenue bonds in the amount of \$16,755,000 (subject to changes based on the underwriting criteria set forth in the CUR) be awarded to the subject development. PRAG recommends approval of the financing plan subject to all the assumptions in the Special and General Conditions outlined in the draft CUR and any revisions to such CUR., including the following:

1. The Land Use Restriction Agreement will prohibit a foreclosure by any entity related to the Borrower, specifically Fairview.
2. The HFA will be named as a co-obligee on subcontractor payment and performance bonds.
3. The tax credit equity investor, and one of the guarantors, FL Tax Holdings, is related to the Applicant, Developer, General Contractor, Management Company and Co-Management Company. All equity must be funded before any bond in excess of the original draw of \$50,500 are issued.
4. The ownership of Fairview Bond Holdings, Inc. is confirmed as required by the CUR.

Attachment:

Credit Underwriting Report dated July 1,2020

# Ownership Structure



# Developer Structure

