



## COLUMBIA COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM REQUEST FORM

The Board of County Commissioners meets the 1st and 3rd Thursday of each month in the Columbia County School Board Administrative Complex Auditorium, 372 West Duval Street, Lake City, Florida 32055. The first meeting of every month is at 9:30AM while the second meeting of every month takes place at 5:30PM. All agenda items are due in the Board's office one week prior to the meeting date.

Today's Date: 5/12/2022 Meeting Date: 5/19/2022

Name: Joel Foreman Department: County Attorney

Division Manager's Signature:

A handwritten signature in blue ink, appearing to read "Joel Foreman", is written over the line for the Division Manager's Signature.

### 1. Nature and purpose of agenda item:

Final action on Sweetwater Apartments Phase II funding request

### 2. Recommended Motion/Action:

To approve with conditions or deny \$900,000 funding request for Sweetwater Apartments Phase II for FY 2022-23

### 3. Fiscal impact on current budget.

This item has no effect on the current budget.

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**MEMORANDUM**

To: Board Agenda

From: Joel F. Foreman

**Re: Sweetwater Apartments Phase II**

Date: May 12, 2022

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Over the course of several Commission meetings developers for Sweetwater Apartments Phase II have requested the Board consider financial contributions to their development, typically requesting low-interest financing of three million dollars to be repaid to the County in fifteen to seventeen years.

The Commission requested that County Manager Kraus and I work with the developers and their consultants to evaluate the request and the project relative to the size and scope of the proposed development and other similar projects built elsewhere in Florida.

As no County employee had previous experience with funding for projects like Sweetwater Apartments Phase II, Mr. Kraus engaged the services of Public Resources Advisory Group consultant Marianne Edmonds who has extensive experience in affordable housing financing.

Through Ms. Edmonds' analysis of the developer's proposal the ask was reduced from three million dollars to nine hundred thousand dollars. Further, Richard Powell has offered the opinion that a low-interest loan repaid in fifteen years will be treated by his office as a grant.

With these changes in mind, Ms. Edmonds has prepared the attached analysis. Ms. Edmonds' opinion can be found at the conclusion of the Analysis section, where she writes "we find the \$900,000 contribution to be advantageous for the County. Assuming the following conditions are met: 1. The funding sources identified in this report are firmly committed; and 2. Seltzer Management Group provides a satisfactory final credit underwriting report to FHFC for the SAIL loan, the ELI loan, the mortgage revenue bonds and the tax credit equity."

With the benefit of Ms. Edmonds' analysis and opinion of the revised request, County Manager Kraus and I are requesting the Board take final action to approve the request with the above conditions or deny the request.

**PUBLIC RESOURCES ADVISORY GROUP**

**TO:** DAVID KRAUS, COUNTY MANAGER; JOEL FOREMAN, COUNTY ATTORNEY

**FROM:** PUBLIC RESOURCES ADVISORY GROUP

**RE:** SWEETWATER APARTMENTS, PHASE II

**DATE:** MAY 9, 2022

**Request**

The developer of Sweetwater Apartments, Phase II ("Sweetwater") is requesting a loan of \$900,000 from the County to complete the funding of Sweetwater, an 84 unit garden style, affordable apartment development to be built on approximately 6.5 acres with frontage on Martin Luther King Street and Davis Avenue in Lake City.

**The Development**

Sweetwater's 84 units will include one-, two- and three-bedroom units with square footage of 650, 850 and 1,050 respectively. All units in Sweetwater will be tax credit eligible<sup>1</sup> and will be available to tenants whose income does not exceed 60% of the County's adjusted median income ("AMI").<sup>2</sup> The units will be income restricted as follows:

**Unit Mix**

Unit Type		22% of Median		30% of Median		40% of Median		60% of Median	
		# of units	Rent	# of units	Rent	# of units	Rent	# of units	Rent
1 BR/1 BA	23	3	\$258	3	\$368	2	\$471	15	\$707
2 BR/2 BA	46	4	\$258	-	-	3	\$566	39	\$712
3 BR/2 BA	15	-	-	-	-	1	\$854	14	\$981
	84	7		3		6		68	

**Financing Structure**

JPMorgan Chase Bank is expected to provide construction and permanent financing by making a tax exempt loan using Florida Housing Finance Corporation's ("FHFC") multifamily mortgage revenue bond program. Raymond James is expected invest in the development through the purchase of tax credit equity.

<sup>1</sup> Tax credit eligible units are income and rent restricted. Maximum rent and income levels are determined annually by HUD.

<sup>2</sup>The 2022 HUD Median Income for a family of four in Columbia County is \$65,500. 60% of median income for a one person household is \$27,540; for a two-person household is \$31,220; for a three person household is \$35,400 and for a four-person household is \$39,300.



FHFC is providing funding through four sources: a predevelopment loan of \$500,000, a SAIL loan in the amount of \$5,053,949, an ELI (extremely low income) loan of \$408,800 and a National Housing Trust Fund loan of \$1,604,000. The County's loan of \$900,000 will be subordinate to all other financing. The developer is deferring \$1,334,032 of its fee as an additional source of funds.

### **Funding Sources**

Source	Lender	Construction	Permanent
Construction Loan	JPMorgan Chase Bank	\$9,500,000	
Permanent Loan	JPMorgan Chase Bank		\$1,475,000
Pre Development Loan	Florida Housing Finance Corporation	500,000	
State Apartment Incentive Loan	Florida Housing Finance Corporation	5,053,949	5,053,949
Extremely Low Income	Florida Housing Finance Corporation	408,800	408,800
National Housing Trust Fund	Florida Housing Finance Corporation	1,604,000	1,604,000
Columbia County	Columbia County		900,000
Grant	Lake City	200,000	200,000
Tax Credit Equity	Raymond James	1,699,425	8,497,125
Deferred Developer Fee	Developer		1,334,032
<b>Total</b>		<b>\$18,966,174</b>	<b>\$19,472,906</b>

### **The Applicant and Developer**

Housing Trust Group has developed affordable housing in Florida since their founding in 1997. Organizational charts for the Applicant and the Developer are attached.

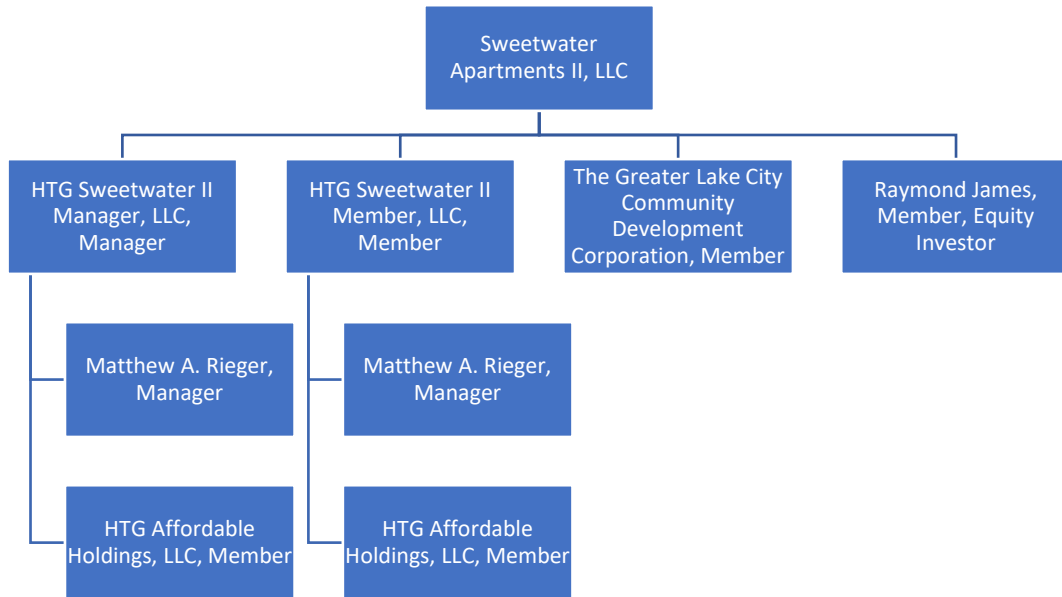
### **Analysis**

Sweetwater Apartments II will create 84 units of affordable housing in Lake City. The total project cost of \$19.5 million is being subsidized by more than \$7.1 million of state and federal subsidy and \$8.5 million of investor equity. The cost per unit for Sweetwater is \$230,000, all but \$ 10,700 of which is coming from sources other than the County. State and federal funding is covering \$84,500 of the cost of each unit. The County's contribution of \$900,000 fills the last funding gap.

We have reviewed the Applicant's request for funding and find it reasonable. The County's contribution, as a loan or a grant, is being significantly leveraged by state, federal and private funding sources. As financial advisor to the County we find the \$900,000 contribution to be advantageous for the County. Assuming the following conditions are met:

1. The funding sources identified in this report are firmly committed; and
2. Seltzer Management Group provides a satisfactory final credit underwriting report to FHFC for the SAIL loan, the ELI loan , the mortgage revenue bonds and the tax credit equity.

## Borrower/Applicant



## Co-Developers

