FLORIDA COMMUNITY
LOAN FUND

WWW.FCLF.ORG
Financing Productive
and
Sustainable Communities

Resources for Preservation of Affordable Housing

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About FCLF

- **FCLF is a statewide federally certified Community Development Financial Institution (CDFI).**
- **Founded in 1994 to provide a statewide source of flexible financing for non-profits working in community development.**
- **Since it began lending in 1996:**
  - **FCLF has closed 161 loans in 27 counties throughout Florida totaling over $46million for projects totaling over $250 million.**
  - **FCLF has committed $101 million of its $111 million NMTC allocation in 10 NMTC projects in Florida and the Southeastern U.S. totaling over $264 million.**
- **FCLF currently has three major programs:**

  Community Development Fund (CDF)

  Florida Preservation Fund (FPF)

  New Markets Tax Credit Allocations (NMTC)

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Community Development Fund

- From our Community Development Fund, FCLF makes commercial loans primarily to non-profits.
- All loans must have a community development or social service purpose and serve low-income clients or communities.
- Beginning in FY 2009-10, FCLF elected to make loans to mission-based projects developed by for-profits on a selected basis.

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CDF – Rates & Terms

Community Development Fund Terms:

- Maximum Loan size: $1.6 million
- Fixed rates 4.75% to 6.5%
  (lower rates available for projects built to a certified green standard)
- Origination fees typically 0.5% to 1%
- Application fee $300
- Terms of up to 10 years
  (limited availability of terms up to 20 years)
- Amortizations up to 30 years
- Loan-to-value (LTV) varies, but typically 70% to 85% range
- No or minimal legal fees on typical transactions

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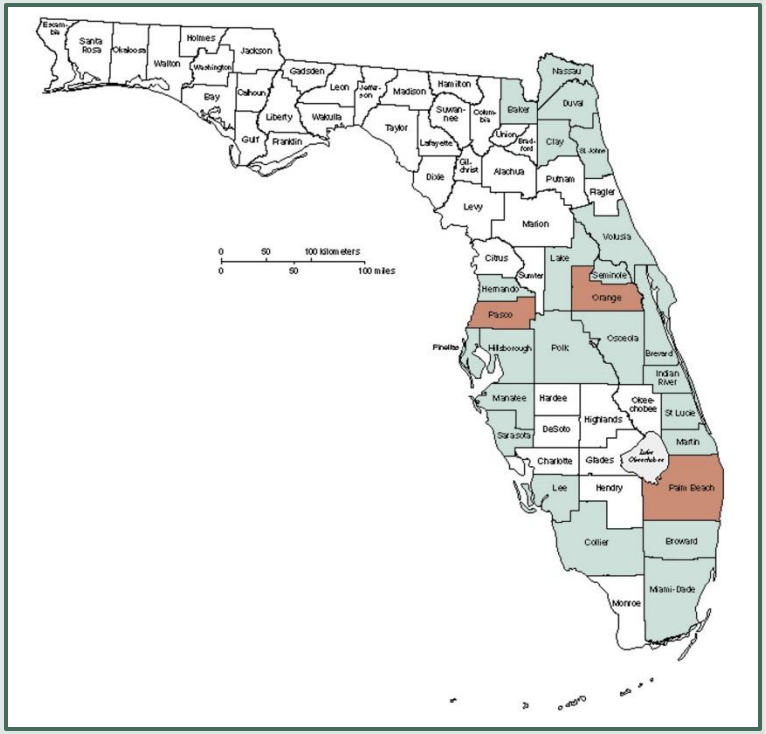
The Florida Preservation Fund - FPF

- Florida Preservation Fund (FPF) provides financing to preserve affordable multi-family rental housing
- Created with $4.8 million in funding from FHFC with a 3-county pilot area
- Expanded to 26-county area with additional funding from JPMorgan Chase
- Loans are provided to developers for acquisition and/or rehab to multi-family rental properties receiving project-based assistance



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FPF – Eligible Borrowers

Preference will be given to the following borrower / sponsor types, presented in order of preference:

- **Community-based 501(c)(3) and 501(c)(4) non-profits.**
- **Partnerships, Limited Liability Corporations, and other entities where the controlling interest is a 501(c)(3) or 501(c)(4) partner.**
- **Housing Authorities.**
- **For-profit developers engaged in affordable multi-family housing.**

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FPF – Eligible Properties

FPF Eligible properties must be located in one of the 26 eligible counties and

Meet 1 of 2 affordability criteria:

- **51% of units set aside for income of 50% or less of AMI;**
- **100% of units set aside for income of 80% of less of AMI.**

And meet 1 of the following:

- **Receiving project-based rental assistance and at risk of losing affordability restrictions;**
- **Abandoned or foreclosed existing multi-family rental property;**
- **Deteriorating property with affordability restrictions;**
- **Occupied property that is at risk of losing affordability restrictions; or**
- **Eligible and approved for funding as multi-family project under NSP guidelines.**

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FPF – Eligible Loan Purposes

- Finance the acquisition of eligible properties by eligible borrowers.
- Rehabilitation of eligible properties required to attain stabilized occupancy or to retain project-based rental assistance.
- Short-term working capital to bridge timing differences between payments for completed work.
- Demolition and replacement of abandoned or severely decayed properties that have qualified for NSP funds.
- Refinancing of interim loans secured by eligible properties acquired within previous 12 months.

FPF – Rates & Terms

- Maximum loan size $6 million
- Acquisition, construction, bridge, mini-perm and term loans
- Terms of 3 to 10 years
- Fixed rates of 5.00% to 6.50%
- Origination fee of 1.00%
- Interest-only payments monthly
- 1.25x DSC based on stabilized NOI
- $2,500 application fee *(discounted application and origination fees for non-profit borrowers)*
- Loans must be secured by project property with a 1st real estate mortgage
- Loan-to-value for loans to for-profit borrowers ≤ 75% of the "as stabilized" appraised value.
- Loan-to-value for loans to 501(c)(3) or 501(c)(4) borrowers ≤ 80% of the "as stabilized" appraised value.

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FPF Projects

Timber Ridge of Immokalee

- $368,000 acquisition and rehab loan
- 34 rental units and a community center

West Palm Beach Housing Authority, Springbrook Commons

- $3.3 million acquisition and rehab including kitchens, flooring, painting
- Apartment complex with 144 homes (over 2,000 residents) built in 1994

Catholic Charities, Diocese of St. Petersburg, Palm Island

- $250,000 acquisition and rehab to bring up to market conditions
- 21-unit apartment complex in New Port Richey
- Long-term funding provided by Pasco County NSP-2 Program

In closing: Neighborhood Housing Services of South Florida, Rio Palma

- $840,000 acquisition and rehab
- 18-unit apartment building built in 1925 in Little Havana

FCLF FPF Projects

- Timber Ridge of Immokalee
- Springbrook Commons, West Palm Beach
- Palm Island, New Port Richey

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Overview of Issues

The Property

- Location, Competition, Condition, Physical Needs

  Desirability, access to jobs, access to services, deferred maintenance, unit mix, amenities

The Sponsor

- Financial Health, Experience, Management Capacity

  How they run their existing activities, what skills do they bring from existing activities to this venture, can they manage this activity

The Economics

- Loan To Value, Cashflow, Rents, Expenses, Debt Service Coverage

  How do we best determine value, what all total capital needs, how much debt does the project support, how do restricted rents compare to market rents, how do we project ongoing expenses

Royal Poinciana
(Springbrook Commons)

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The Property

- 144 units. 71 – 3 BR, 48 - 2 BR, 25 – 1 BR apartments, on 8 acres
- Located at the Intersection of Haverhill Road and 45th Street, WPB
- Built in 1994
- Low Income Housing Tax Credits
- Currently Rented
- Level of Deferred Maintenance
- Seller Characteristics

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The Sponsor/Borrower

- **The West Palm Beach Housing Authority**
  - **Financial Health –** sources of revenues, operating efficiency, other investments, other projects, cash, other debt.
  - **Renovation Experience –** other projects developed or renovated, when, how did they manage adverse situations, relationship with contractors and subs.
  - **Property Management Experience -** other history managing large properties, self or with professional management company.
  - **Equity for Purchase –** current cash position, access to funding sources, ability to inject additional equity into projects.

The Economics

Cashflow

- As currently operated (historical)
- Pro Forma
- Lease Up
- Funding a reserve
- Self Managed vs Management Company

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The Economics

Renovation Needs

- Physical Needs Assessment
- Timing of Renovations
- Renovation Reserve

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The Economics

Loan to Value

- As is with Rent Restrictions
- With Market Based Rents
- Vouchers

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Some Numbers

- Purchase Price: $2,700,000
- Renovation and Contingency: $650,000
- Total Capital Requirement: $3,350,000
- Preservation Loan: $3,300,000
- Borrower Equity: $50,000

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Florida Community Loan Fund

Lending Team Contact Information

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