



WEST PALM BEACH HOUSING AUTHORITY

1715 DIVISION AVENUE • WEST PALM BEACH, FL 33407-6289 • (561) 655-8530 • FAX: (561) 832-8962

David Brandt, Executive Director
100 Australian Avenue, Suite 410
Palm Beach County Housing Finance Authority
West Palm Beach, Florida 33406

September 27, 2016

Re: Revolving Line of Credit

Dear Mr. Brandt:

Thank you so much for meeting with us to discuss a Revolving Line of Credit for the West Palm Beach Housing Authority. Also attending that meeting was Attorney Morris Miller; we appreciate the guidance and interest expressed by you both regarding a continued relationship between our agencies.

Please accept this letter as a formal, written request from the West Palm Beach Housing Authority to the Palm Beach County Housing Finance Authority for an open, unsecured Line of Credit of \$500,000 to \$1,000,000. As discussed, this would facilitate our ability to enter into reimbursable loan agreements with other entities, such as the State of Florida, Palm Beach County and the City of West Palm Beach. We have successfully collaborated with you on reimbursable loans in the past, and hope to do so again.

One such opportunity is a HOME loan in the amount of \$392,047 from the City of West Palm Beach for the rehabilitation of three structures into five rental units specifically targeted to Youth Aging Out of Foster Care. "Friendship Court" is a collaboration with Friendship Missionary Baptist Church, and the Housing Authority is eager to bring this much needed resource to the community.

As requested, please find attached a completed Developer Application For Loan From Surplus Funds. All attachments are complete save for the audited financials; we are anticipating the completed audit for FY2016 within the next two weeks and will forward upon receipt.

Again, thank you very much for this opportunity. Please do not hesitate to contact me (mobile=561-723-9317) for further information.

Sincerely,

Laurel Robinson, Executive Director

EXHIBIT A

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY
DEVELOPER APPLICATION
FOR LOAN FROM SURPLUS FUNDS

Date: September 26, 2016

A. DEVELOPER INFORMATION

Name of Developer Entity: West Palm Beach Housing Authority _____

Contact Person & Title: Laurel Robinson, Executive Director _____

Address: 1715 Division Avenue West Palm Beach Florida 33407 _____

Telephone: 561-655-8530 Ex. 1103 _____

E-mail address: lrobinson@wpbha.org _____

Type of Entity: Quasi Municipal Governmental Entity _____

B. LOAN REQUESTED

Amount Requested: \$200,000 _____

Term of Loan: three years _____

Proposed Interest Rate: lowest available _____

Repayment Structure: HFA loan funds will be repaid with HOME loan funds secured from the City of West Palm Beach. "Friendship Court" was awarded \$392,047 to rehabilitate five rental units for Youth Aging Out of Foster Care. Repayment to the HFA will occur within five business days after receipt of HOME funds. It is anticipated that draws will be made monthly with outstanding balances not to exceed \$150,000. _____

Lien Priority: second, behind City of West Palm Beach _____

Summary of How Funds Will Be Used: Funds will be used to rehabilitate three existing buildings located on a lot adjacent to the Friendship Missionary Baptist Church in West Palm Beach. The Church acquired the buildings from a former owner who began the rehabilitation but was unable to complete it. All buildings have a new roof and all units have been gutted. Some roughed in plumbing and wall studs are in place, but substantial work remains to be done. The HFA Funds will be used to pay contractors and vendors to complete this work. Monthly draw requests for work completed, inspected and approved by the General Contractor will be made to the HFA. These draw requests will mirror the form and requirements of the City HOME funds reimbursable draw request, including all certifications, lien releases and standard AIA Architect Forms for Payment Request. _____

C. PROJECT INFORMATION

D. PROJECT STATUS

Status of Project (circle current stage):

ACQUISITION/PLANNING

ENTITLEMENTS RECEIVED

SITE WORK

INFRASTRUCTURE DEVELOPMENT

VERTICAL CONSTRUCTION/REHABILITATION

CERTIFICATE OF OCCUPANCY

Estimated Completion/Occupancy Date: 7/31/18

% of Pre-sales on For-Sale Units: _____

% of Occupancy for Rental Units: _____100____

Estimated Total Project Cost: \$517.047

Sources of Funding for Remainder of Project Cost & Summary of Terms Thereof: Rehabilitation funded by \$392,047 HOME funds, completion guaranteed by Letter of Credit to Developer by Sabadell Bank, in the amount of \$150,000.

15 Year pro forma attached.

E. FEASIBILITY

Please attach a project budget including all costs of development (total and per unit) and all sources of funding, proposed draw and repayment schedule, and demonstrate how borrowed funds (from all sources) will be repaid.

Attached.

F. DEVELOPER EXPERIENCE

Please attach a description of the developer's experience, including, but not limited to, length of existence, geographic locations where work has been conducted by the developer, the number and types of projects the developer has completed, the number and types of projects currently under construction/development, and any other information the developer believes will be useful to the Authority in rendering a decision on the application.

Attached.

G. FINANCIAL STATEMENTS

Please attach copies of the applicant/borrower/guarantors last three years audited financial statements or Form 990 if a tax exempt entity.

Audited Financials available Second week in October, 2016.

EXHIBIT B

APPLICATION, CREDIT UNDERWRITING AND LOAN CLOSING DEADLINES

Application Submitted by 1 st of the Month	Application Considered & Approved at Authority Meeting (2 nd Friday of the Month); if applicable Credit Underwriter Assigned	MOA sent to Applicant; if applicable CU Engagement Letter sent to CU	Applicant Submits Executed MOA and Good Faith Deposit to Authority	If applicable CU submits Executed Engagement Letter to Authority	If applicable Credit Underwriting Deposit Paid/Credit Underwriting Commences	If applicable Credit Underwriting Report submitted and final Determination on Application; Commence Negotiating Loan Documents
•	day 1	day 7	day 15	day 30	day 120	

Commence Negotiating Loan Documents

Negotiation of Loan Documents completed and Loan closed

Substantial first draw on closed Loan completed

Loan repaid in Full

•----- day 120 ----- day 180 -----•

Friendship Court
Development Costs

9/27/2016

5 units
acquisition / rehabilitation
Rentable Square Footage 2,981

USES OF FUNDS		Total	Per Unit	Per RSF
Acquisition Costs				
Building(s) <input type="checkbox"/> Eligible	0%	\$0	\$0	
Land		\$0	\$0	\$0
Total Acquisition Costs		\$0	\$0	\$0
				\$0
Hard Costs				
Building Costs		\$282,378	\$56,476	\$95
Subtotal		\$282,378	\$56,476	\$95
General Contractor Fees (max 14%)	14%	\$39,533	\$7,907	\$13
Subtotal		\$321,911	\$64,382	\$108
Hard Cost Contingency	10%	\$32,191	\$6,438	\$11
Total Hard Costs		\$354,102	\$70,820	\$119
			\$0	\$0
Soft Costs				
Accounting Fees		\$2,500	\$500	\$1
Appraisal		\$500	\$100	\$0
Architect's Fee - Design		\$16,000	\$3,200	\$5
Architect's Fee - Supervision		\$5,000	\$1,000	\$2
Builder's Risk Insurance		\$2,000	\$400	\$1
Environmental Report		\$2,500	\$500	\$1
Insurance		\$1,500	\$300	\$1
Legal Fees - Owner		\$5,000	\$1,000	\$2
Marketing and Advertising		\$2,500	\$500	\$1
Property Taxes		\$0	\$0	\$0
Lead based paint test		\$1,325	\$265	\$0
Survey		\$1,000	\$200	\$0
Title Insurance/Closing Costs		\$500	\$100	\$0
Soft Cost Contingency	10%	\$4,033	\$807	\$1
Total Soft Costs		\$44,358	\$8,872	\$15
			\$0	\$0
Financial Costs				
HOME Loan Origination Fee	1.50%	\$5,881	\$1,176	\$2
HOME Construction Interest		\$0	\$0	\$0
Sabadell/Baobab Construction Interest		\$1,250	\$250	\$0
			\$0	\$0
			\$0	\$0
Total Financial Costs		\$7,131	\$1,426	\$2
			\$0	\$0
Other Development Costs				
Developer Fee	17%	\$69,006	\$13,801	\$23
Lease Up Reserve	2 mo	\$4,880	\$976	\$2
Operating Deficit Reserve	12 mo	\$29,278	\$5,856	\$10
Debt Service Reserves	6 mo	\$8,293	\$1,659	\$3
			\$0	\$0
Total Other Development Costs		\$111,457	\$22,291	\$37
Total Development Cost		\$517,047	\$103,409	\$173

Friendship Court
Stabilized Pro Forma

09/27/16

5 units

		Annual	Per Unit
Revenue			
Gross Potential Rent		\$48,444	\$9,689
Other Income		\$1,000	\$200
Total Income		\$49,444	\$9,889
Vacancy	4%	-\$1,978	(\$396)
Concessions/Loss to Lease	0%	\$0	\$0
Collection Losses	1%	-\$494	(\$99)
Total Effective Gross Income (EGI)		\$46,972	\$9,394
Expenses			
Administrative		\$2,000	\$400
Marketing and Promotions		\$1,200	\$240
Grounds Maintenance		\$3,600	\$720
Repairs and Maintenance		\$5,000	\$1,000
Utilities		\$2,500	\$500
Management Fee	7%	\$3,288	\$658
Insurance		\$7,500	\$1,500
Pest Control		\$290	\$58
Taxes		\$900	\$180
Monitoring Fee		\$1,500	\$300
Reserves		\$1,500	\$300
Total Operating Expenses		\$29,278	\$5,856
<input type="checkbox"/> Per Unit Over-	if Checked ignore "Operating Budget Detail Sheet	\$0	\$0
Net Operating Income		\$17,694	\$369
Debt Service Payments			
First Mortgage		\$11,761	\$2,352
Second Mortgage		\$4,825	\$965
Third Mortgage			
Total Debt Service Payments		\$16,586	\$3,317
Cash Flow After Debt Service		\$1,108	\$222

Debt Service Coverage - 1st	1.50
Debt Service Coverage - 2nd	1.07
Debt Service Coverage - All Mtgs. & Fees	1.07
Financial Ratios	
Operating Expense Ratio	62%
Break-even Ratio	93%

Friendship Court
15 Year Proforma

DESCRIPTION		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Income																
Gross Potential Rent	2.00%	\$48,444	\$49,413	\$50,401	\$51,409	\$52,437	\$53,486	\$54,556	\$55,647	\$56,760	\$57,895	\$59,053	\$60,234	\$61,439	\$62,667	\$63,921
Subsidy - Tenant Based		\$0														
Operating Subsidy		\$0														
TBRA Subsidy		\$0														
Other Income		\$1,000	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,243	\$1,268	\$1,294	\$1,319
Gross Potential Income		\$49,444	\$50,433	\$51,442	\$52,470	\$53,520	\$54,590	\$55,682	\$56,796	\$57,932	\$59,090	\$60,272	\$61,477	\$62,707	\$63,961	\$65,240
Less:																
Vacancy	4.00%	\$1,978	\$2,017	\$2,058	\$2,099	\$2,141	\$2,184	\$2,227	\$2,272	\$2,317	\$2,364	\$2,411	\$2,459	\$2,508	\$2,558	\$2,610
Concessions/Loss to Lease	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Collection Losses:	1.00%	\$494	\$504	\$514	\$525	\$535	\$546	\$557	\$568	\$579	\$591	\$603	\$615	\$627	\$640	\$652
Total Effective Gross Income		\$46,972	\$47,911	\$48,869	\$49,847	\$50,844	\$51,861	\$52,898	\$53,956	\$55,035	\$56,136	\$57,258	\$58,404	\$59,572	\$60,763	\$61,978
Expenses	3.00%		102%	102%	102%	102%	102%	102%	102%	102%	102%	102%	102%	102%	102%	102%
Administrative		\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388	\$2,460	\$2,534	\$2,610	\$2,688	\$2,768	\$2,852	\$2,937	\$3,025
Marketing and Promotions		\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,391	\$1,433	\$1,476	\$1,520	\$1,566	\$1,613	\$1,661	\$1,711	\$1,762	\$1,815
Grounds Maintenance		\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697	\$4,838	\$4,983	\$5,133	\$5,287	\$5,445
Repairs and Maintenance		\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563
Utilities		\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985	\$3,075	\$3,167	\$3,262	\$3,360	\$3,461	\$3,564	\$3,671	\$3,781
Management Fee		\$3,288	\$3,387	\$3,488	\$3,593	\$3,701	\$3,812	\$3,926	\$4,044	\$4,165	\$4,290	\$4,419	\$4,551	\$4,688	\$4,829	\$4,973
Insurance		\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	\$11,014	\$11,344
Pest Control		\$290	\$299	\$308	\$317	\$326	\$336	\$346	\$357	\$367	\$378	\$390	\$401	\$413	\$426	\$438
Monitoring Fee		\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957	\$2,016	\$2,076	\$2,139	\$2,203	\$2,269
Reserves		\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957	\$2,016	\$2,076	\$2,139	\$2,203	\$2,269
Total Expenses	\$5,676	\$28,378	\$29,229	\$30,106	\$31,009	\$31,940	\$32,898	\$33,885	\$34,901	\$35,948	\$37,027	\$38,138	\$39,282	\$40,460	\$41,674	\$42,924
Net Operating Income		\$18,594	\$18,682	\$18,763	\$18,838	\$18,904	\$18,963	\$19,013	\$19,055	\$19,087	\$19,109	\$19,121	\$19,122	\$19,111	\$19,089	\$19,054
Debt Service Payments			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
First Mortgage		\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761	\$11,761
Second Mortgage		\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825
Third Mortgage																
Fourth Mortgage - Type																
Other - Sinking Fund												\$0	\$0	\$0	\$0	
Total Debt Service Payments		\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586	\$16,586
Before Tax Cash Flow		\$2,008	\$2,096	\$2,177	\$2,252	\$2,318	\$2,377	\$2,427	\$2,469	\$2,501	\$2,523	\$2,535	\$2,536	\$2,525	\$2,503	\$2,468
Debt Service Coverage Ratios			104%	104%	103%	103%	103%	102%	102%	101%	101%	100%	100%	100%	99%	99%
Debt Service Coverage - 1st	1.58	1.59	1.60	1.60	1.61	1.61	1.62	1.62	1.62	1.62	1.63	1.63	1.62	1.62	1.62	1.62
Debt Service Coverage - 2nd	1.12	1.13	1.13	1.14	1.14	1.14	1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Debt Service Coverage - All Mtgs. & Fees	1.12	1.13	1.13	1.14	1.14	1.14	1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Financial Ratios																
Operating Expense Ratio	60%	61%	62%	62%	63%	63%	64%	65%	65%	66%	67%	67%	68%	69%	69%	69%
Break-even Ratio	81%	81%	81%	82%	82%	82%	82%	82%	82%	82%	83%	83%	83%	83%	84%	84%

West Palm Beach Housing Authority 2008-2016

Previous Projects and Funds Expended

Colony Oaks Hardening, Roofs and Interior Renovations----- \$350,000.00, 2008-2009

CDBG DRI-3 STATE

Pleasant City Window and Door Replacement-----\$370,526.0, 2009-2010

ARRA

Pleasant City Interior Renovations-8 units-----\$158,400.00, 2009-2010

Pleasant City Interior Renovations-46 units-----\$997,600.00, 2010

Twin Lakes Cabinets Replacement-----\$375,649.00, 2009-2010

ARRA

Southridge UFAS Improvement—73 units-----\$1,740,097.00, 2011

CDBG DRI-3 COUNTY-(completed work and Grant as acting building contractor)

Twin Lakes/Colony Oaks Hurricane Hardening-----\$1,986,981.00, 2010-2012

(Twin Lakes portion-----\$1,041,770.00)

(Colony Oaks portion-----\$945,211.00)

Robinson Villas Door replacement (applied for grant)-----\$36,500.00

Twin Lakes/Colony Oaks Site Lighting-----\$288,300.00, 2011

(Colony Oaks portion-----\$144,010.00)

(Twin Lakes portion-----\$144,290.00)

Twin Lakes Generator-----\$30,155.00, 2011

REPLACEMENT HOUSING FACTOR FUNDS

Sabal Palm Place 9 Unit Building-----\$917,093.00, 2011-2013

Sabal Palm Place Site Construction-----\$340,329.00, 2011-2013

CDBG DRI-4

Newton Woods Hurricane Hardening (applied for grant)-----\$949,919.00, 2014-2015

Colony Oaks Paving-----\$474,338.00, 2014-2015

Southridge Paving-----\$454,338.00, 2014-2015

DEPARTMENT OF ENERGY

West Palm Beach Public Housing Multifamily Energy

Efficiency Shallow Retrofit Demonstration Grant-----\$500,000.00, 2015

84 units insulated to R-38

60 units with Rinnai Tankless Condensing units

24 units with high efficiency tank type W/Hs

69 units 16-18 SEER

Signed agreement April 30th, Started work in June and completed all by July 30th

Total funds expended-----**\$9,970,225.00**

The completed projects included all Feasibility Analysis, Architectural and Engineering design coordination, Formal bidding requirements, HUD required monitoring, record keeping and audits, Energy Dept required monitoring, record keeping and audits, Davis Bacon payroll monitoring, record keeping and audits, CDBG-DRI required monitoring, record keeping and audits, ARRA required monitoring, record keeping and audits, Contracts, Subcontracts, Construction Administration and Project Management.