

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: March 11, 2025       Consent       Regular  
    Ordinance       Public Hearing

Department: Housing and Economic Development

**I. EXECUTIVE BRIEF**

Motion and Title: Staff recommends motion to:

- A) **approve** Housing Initiative Program (HIP) - Workforce Housing Development award to One North Lake, LLC in the amount of \$4,650,000 for the One North Lake Apartments Project (Project);
- B) **delegate** authority to the County Administrator, or designee, to execute the Loan Agreement, amendments thereto, and all other documents necessary for project implementation that do not substantially change the scope of work, terms or conditions of the Loan Agreement; and
- C) **approve** a Budget Transfer of \$4,650,000 within the HIP Funds to recognize the allocation of HIP funds to the Project.

**Summary:** On May 7, 2024, the Board of County Commissioners (BCC) approved a HIP award in the amount of \$4,650,000 to One North Lake, LLC to construct the Project. The United States Department of Housing & Urban Development (HUD) establishes Fair Market Rates at the 40<sup>th</sup> percentile of the rents for all standard quality rental housing units within the geographic area (zip code) that are occupied by recent movers, with adjustments to exclude public housing units and substandard units:

2025 FMRs	One Bedroom	Two Bedroom	Three Bedroom
Zip Code 33476 – One North Lake	\$890	\$1,060	\$1,380

The Project will entail construction of 54 multi-family apartment rental units within a four (4)-story building located in Pahokee, FL. The total Project cost is \$17,270,028 and all units will be County-assisted and serve individuals and families that are 120% or below of the Area Median Income (AMI) with an affordability period of no less than 50 years.

**Continued on Page 3**

**Background and Policy Issues: On Page 3**

**Attachments:**

- 1. Terms and Conditions sheet
- 2. Preliminary Third-Party Underwriter's Report
- 3. Area Medium Income Limits/Rent Chart
- 4. Budget Transfer

Recommended By:       2-20-25  
Department Director      Date

Approved By:       2-3-25  
Assistant County Administrator      Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures	\$4,650,000				
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>	<b>\$4,650,000</b>				

# ADDITIONAL FTE POSITIONS (Cumulative)	-0-				
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Is Item Included In Current Budget? Yes   X   No         
 Does this Item include the use of Federal funds? Yes        No   X    
 Does this Item include the use of State funds? Yes        No   X  

Budget Account No.:  
 Fund 1116 Dept. 143 Unit 1701 Object 8201 Program Code/Period N/A

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

Approval of this agenda item will allocate \$4,650,000 in HIP funds to the One North Lake, LLC project.

**C. Departmental Fiscal Review:**


  
 Valerie Alleyne, Division Director II  
 Finance and Administrative Services, DHED

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development and Control Comments:**

*OFMB*  2/27/25  
*MD* 2/24 *JA* 2/24  
*Contract Development and Control*  2/27/25  
 26.2.27.25

**B. Legal Sufficiency:**

 2/27/25  
 Chief Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

**Summary Continued from Page 1**

The total Project cost is \$17,270,028 (\$319,815 per unit) with a County HIP investment of \$4,650,000, for a per-unit cost of \$86,111. County HIP investment for this Project is 26.9%. Total County investment for this Project, including HIP and a \$100,000 Ad Valorem Infrastructure Grant approved by the BCC on August 25, 2020 (Agenda Item 3I-3) is 27.5% (\$87,962 per unit). Additional funding sources for this Project are as follows:

<b>Funding Sources</b>	
Newmark/FHA	\$ 9,054,000
<b>Housing Initiatives program</b>	<b>\$ 4,650,000</b>
<b>PBC Ad Valorem Infrastructure Grant</b>	<b>\$ 100,000</b>
Owner Equity	\$ 3,466,028
<b>Total Development Cost</b>	<b>\$17,270,028</b>

County HIP funding will be provided to developers in the form of a repayable loan for permanent financing, secured by a mortgage and a note that requires repayment of principal and interest. A declaration of restrictions will be recorded to ensure affordability for a 50 year period. The term of the loan will be equal to 40 years and have an interest rate of 1%.

The funding agreements and related documents pursuant to these funds will be between the County and the entities identified herein or their respective successors and/or assigns. Staff is recommending funding approval of \$4,650,000 in HIP funding for the Project. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the Loan Agreement and related documents. District 6 (HJF)

**Background & Policy Issues Continued from Page 1**

In 2021, the BCC began allocating Ad Valorem funding for the HIP to be utilized as gap funding for housing projects.



**DEPARTMENT OF HOUSING AND  
ECONOMIC DEVELOPMENT  
COMPREHENSIVE LOAN TERM SHEET**

**Project and Funding Program Information**

**Funding program:** Housing Initiatives Program (HIP)

**RFP number and name:** HBLP.2024.4 – Workforce Housing Multifamily Development

**Project name:** One North Lake

**Borrower name:** One North Lake, LLC

**Contracting entity:** One North Lake LLC

**Project type:** Multifamily Rental Development- Workforce Housing Development

**Brief Project Description:** The project will entail the new construction of a 4-story building consisting of 54 multi-family apartment rental units

**Loan Terms**

**Loan amount:** \$ 4,650,000

**Rental Increases:** Rent increases on individual units will be permitted only at lease renewal

**Interest rate:** 1%

**Affordability period:** 50 years

**Affordability:** 54 Units at or below 120% Area Media Income (AMI)

**Number of total project units:** 54

**Number of County-assisted units:** 54

**Percentage of County-assisted units:** 100%

**Additional information:** Additional information is provided in the preliminary underwriting report dated January 10, 2025 which includes the full capitalization of the project financing and lien priority, operational proforma, and complete rental information for units.



**DEPARTMENT OF HOUSING AND  
ECONOMIC DEVELOPMENT  
COMPREHENSIVE LOAN TERM SHEET**

**Bond Loan term:**

- 40 year term
- Payments deferred until primary loan conversion
- Payments are based on a 40-year amortization calculation

**Personal Guarantee:** Completion and Operating Deficit Guarantee

**Term commencement:** Upon closing of the loan concurrent with primary financing

**Property re-sale:**

If the project development is sold, or 50% (aggregate) or more of the ownership changes to a non-affiliated entity, the loan must be satisfied.

**Estimated Construction start:** July 2025

**Disbursement of funds:**

Construction Draw – based on a percentage of completion

**Additional considerations:**

**Construction Considerations**

**Bond requirements:**

Payment and performance bond equal to 100% of the total hard construction cost of the project

**Retainage requirements:** 10% retainage until work is 50% completed, 0% retainage required thereafter

**Eligible Expenses**

All development costs shall be allocated on a per-unit basis. Loan funds can only be allocated to those costs deemed as eligible that are directly attributable to County-assisted units. In the event a cost is deemed eligible for something that is a project wide expense, the loan funds can only be used for the percentage of County-assisted units as defined above for that expense.



**DEPARTMENT OF HOUSING AND  
ECONOMIC DEVELOPMENT  
COMPREHENSIVE LOAN TERM SHEET**

Eligible expenses shall include, but not be limited to:

**Hard Costs:**

Onsite costs for construction, including residential construction, site work and improvements, approved schedule of values.

**Soft Costs:**

Permit fees, connections fees, FFE, utility relocation

**Ineligible expenses shall include:**

- Cost of relocation of displaced persons
- Off-site improvements
- Payment of delinquent taxes
- Legal fees and other fees
- Costs related to other project financing
- Site Clearing
- Pre-development costs
- Stored purchased materials

Determination of cost eligibility shall be at the County's sole absolute discretion.

The terms outlined above shall be detailed in the loan documents consisting of a loan agreement, mortgage and security agreement, promissory note, and declaration of restrictions.

**Projects must be Shovel Ready prior to final approval by the Board of County Commissioners in order to be eligible for funding.**

**Shovel Ready** is defined as a project where the proposer has site control and the property has the correct and approved development requirements for the project including, zoning designation, platting, site plan approval for the housing units it proposes to create.

Please attach any documentation to verify that the project is **Shovel Ready**.

All terms contained herein are contingent upon approval by the Palm Beach County Board of County Commissioners (BCC). The funding for this project and the terms contained herein are anticipated to be presented to the BCC for final approval at the March 11, 2025 agenda meeting. **Project construction must commence within one year of BCC final approval.**



**DEPARTMENT OF HOUSING AND  
ECONOMIC DEVELOPMENT  
COMPREHENSIVE LOAN TERM SHEET**

By signing below you are verifying that this project is **Shovel Ready**, as well as acknowledging and accepting of loan terms:

**Accept Terms**

**Does Not Accept Terms**

Borrower Name:

By: Charles

Charles Lesnick  
Name (printed)

Member, One North Lake, LLC  
Title



January 29, 2025

Mr. Jeff Bolton  
Director  
Department of Housing and Economic Development  
301 N. Olive Avenue  
West Palm Beach, FL 33401

Re: One North Lake  
Preliminary Review of the Palm Beach County Transaction

Dear Mr. Bolton:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") has been engaged to provide an initial review of the Palm Beach County ("PBC") Application (the "Application") for One North Lake ("Subject Development"). Seltzer's summary of the information available at this time is presented below. Please note the Subject Development is still in the planning stages and the information reviewed is subject to change.

**Development Highlights:**

- The Subject Development will be providing workforce housing units.

The PBC Bond Allocation Process guidelines, dated October 3, 2023, indicate the loan term can be up to 20 years with interest rates ranging from 1% – 3% (the range of interest rates is subject to change) and a fully amortized loan for the term.

Projects awarded to for-profit developers providing affordable housing units will have a loan term up to 20 years with an interest rate of 1.0%. Loans may be fully amortizing or may be interest only during the first 10 years of the loan. Loans may also have an option for a longer amortization, with a final balloon payment at the end of the 20-year term.

The minimum affordability period (i.e. the length of time the units will be deed restricted) will be no less than 30 years. The affordability period will commence once occupancy is documented for the final bond assisted unit. Should other project development funding sources require an affordability period longer than 30 years; the County's deed restriction for affordability will match the longest required period.

Based on details provided by the PBC Board of County Commissioners Director of Contract Development and Quality Control, the Subject Development will be interest only for the first 10 years and then principal and interest ("P&I") for years 11 through 20. The P&I payment can be calculated using an amortization equal to the affordability period with a maximum of 50 years. The interest payments accrued during construction can be deferred until the end of the loan term, together with any unpaid balance.

The Subject Development has committed to an affordability period of 50 years under the Application.

- The primary financing for this project is intended to be provided through the Housing and Urban Development ("HUD") 221 (d)(4) Federal Housing Administration ("FHA") Program. Terms include a 40-year fully-amortizing loan with a fixed interest rate (currently 6.55%).



Mr. Jeffrey Bolton  
 One North Lake  
 January 29, 2025

- During the Period of Affordability, all County-Assisted Housing Units must be set aside for Eligible Beneficiaries that are for households among the various income tiers between 60% Average Mean Income ("AMI") and 140% AMI. The Applicant committed to operating all units at the Subject Development greater than 50% AMI and at or below 120% AMI.

The rent schedule below reflects the potential gross rental amounts at 120% AMI for each unit type could be under the "Net Restricted Rent" column and the rental rates the Applicant intends to operate the Subject Development at under the "Applicant Rents" column which are above the 60% AMI and below the 140% AMI guidelines specified by the RFP Criteria.

Note: Rents used in the Final Credit Underwriting Report must be supported by the Market Study.

- A required minimum debt services coverage ("DSC") on the combined senior debt and the HFA PBC loan debt will be no less than 1.10x to 1.00 with a cap of 1.50x to 1.00. The DSC for the Subject Development at the 120% AMI rental rents (if achievable) would be 2.109x to 1.00 and the DSC based on the Applicant's intended operating rental rates are currently 1.145x to 1.00. Both scenarios meet the minimum DSC requirement.
- The Applicant has indicated they will not be seeking reimbursement for the land costs.

**Background:**

The Subject Development is to be located at 100 North Lake Avenue, Pahokee, FL 33476, and will consist of 54 units (1-, 2- and 3-bedroom units) within one four-story mid-rise building. The Closing is currently not scheduled, but representatives of the Applicant are estimating a closing before the end third quarter of 2025. The Subject Development is targeting a January board meeting for presentation of the Preliminary Review.

DEVELOPMENT & SET-ASIDES																																						
Development Name:		One North Lake																																				
Address:		100 North Lake Avenue																																				
City:		Pahokee		Zip Code:		33476		County:		Palm Beach		City Size:		Large																								
Development Category:		New Construction						Development Type:						Mid-Rise (4 Stories)																								
Construction Type:		Masonry																																				
Demographic Commitment:		Primary: Workforce Housing										for 100% of the Units																										
Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	CU Rents	Annual Rental Income																									
1	1.0	7	555	120%			\$2,410		\$2,410		\$1,406	\$1,406	\$118,104																									
2	2.0	38	808	120%			\$2,892		\$2,892		\$1,783	\$1,783	\$813,048																									
2	2.0	3	845	120%			\$2,892		\$2,892		\$1,687	\$1,687	\$60,732																									
3	3.0	6	982	120%			\$3,342		\$3,342		\$1,949	\$1,949	\$140,328																									
		54	43,016										\$1,132,212																									
Buildings: Residential -				1		Non-Residential -				0																												
Parking: Parking Spaces -				68		Accessible Spaces -				4																												
Set Asides:		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Program</th> <th>% of Units</th> <th># of Units</th> <th>% AMI</th> <th>Term (Years)</th> </tr> </thead> <tbody> <tr> <td>Workforce</td> <td>12.96%</td> <td>7</td> <td>120%</td> <td>50</td> </tr> <tr> <td>Workforce</td> <td>11.11%</td> <td>6</td> <td>120%</td> <td>50</td> </tr> <tr> <td>Workforce</td> <td>70.37%</td> <td>38</td> <td>120%</td> <td>50</td> </tr> <tr> <td>Workforce</td> <td>5.56%</td> <td>3</td> <td>120%</td> <td>50</td> </tr> </tbody> </table>												Program	% of Units	# of Units	% AMI	Term (Years)	Workforce	12.96%	7	120%	50	Workforce	11.11%	6	120%	50	Workforce	70.37%	38	120%	50	Workforce	5.56%	3	120%	50
Program	% of Units	# of Units	% AMI	Term (Years)																																		
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Mr. Jeffrey Bolton  
 One North Lake  
 January 29, 2025

DEVELOPMENT TEAM		
Applicant/Borrower:	One North Lake, LLC	
Member	Sheridan Florida, LLC	% Ownership 100.00%
Construction Completion Guarantor(s):		
CC Guarantor 1:	One North Lake, LLC	
CC Guarantor 2:	Sheridan Florida, LLC	
CC Guarantor 3:	Southern Angel Investors, LLC	
CC Guarantor 4:	Chuck Lesnick	
CC Guarantor 5:	Leonard Schwartz	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	One North Lake, LLC	
OD Guarantor 2:	Sheridan Florida, LLC	
OD Guarantor 3:	Southern Angel Investors, LLC	
OD Guarantor 4:	Chuck Lesnick	
OD Guarantor 5:	Leonard Schwartz	
Developer:	One North Lake, LLC	
Principal 1	Sheridan Florida, LLC	
Principal 2	Southern Angel Investors, LLC	
General Contractor 1:	Pike Construction, LLC	
Management Company:	Rental Management Associates, Inc.	
Architect:	Zyscovich Architects, LLC	
Market Study Provider:	Apprise by Walker & Dunlop	
Appraiser:	Apprise by Walker & Dunlop	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	Newmark / FHA 221 (d)(4)	HFA PBC Loan	PBC Grant			Owner Equity
Amount	\$9,054,000	\$4,650,000	\$100,000			\$3,466,028
Underwritten Interest Rate	6.55%	1.00%	0.00%			0.00%
Loan Term	40.0	40.0	0.0			0.0
Amortization	40.0	N/A	N/A			0.0
Loan to Cost - Cumulative	52.4%	79.4%	79.9%			100.0%
Debt Service Coverage	1.228	1.145	1.145			1.145
Operating Deficit & Debt Service Reserves	\$297,625					
# of Months covered by the Reserves	12.2					

Deferred Developer Fee	\$0
Projected Net Operating Income (NOI) - Year 1	\$785,775
Projected Net Operating Income (NOI) - 15 Year	\$997,472
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%

Mr. Jeffrey Bolton  
 One North Lake  
 January 29, 2025

**Construction and Permanent Financing Sources**

<b>CONSTRUCTION/PERMANENT SOURCES:</b>				
<b>Source</b>	<b>Lender</b>	<b>Construction</b>	<b>Permanent</b>	<b>Perm Loan/Unit</b>
Regulated Mortgage Lender	Newmark / FHA 221 (d)(4)	\$9,054,000	\$9,054,000	\$167,666.67
Other	HFA PBC Loan	\$4,650,000	\$4,650,000	\$86,111.11
Local Government Subsidy	PBC Grant	\$100,000	\$100,000	\$1,851.85
Other	Owner Equity	\$3,466,028	\$3,466,028	\$64,185.70
<b>TOTAL</b>		<b>\$17,270,028.00</b>	<b>\$17,270,028.00</b>	<b>\$319,815.33</b>

*Notes to Sources*

**Construction/Permanent First Mortgage**

The Applicant provided a Financing Proposal Letter of Intent (“LOI”), dated December 17, 2024, from Newmark’s Multifamily Capital Markets Debt & Structured Finance Group (“Newmark”) for a construction / permanent loan up to an amount of \$9,100,000 (currently \$9,054,000). The LOI stated the loan will carry a fixed interest rate based on the FHA interest rate determined by Newmark’s traders after conferring with various clients (investors), currently estimated at 6.00%. During the construction phase of the loan, anticipated to be a term of 24-months, interest will accrue and will be added to principal at Closing. At conversion to permanent, the loan will be fully amortized over the 40-year term. The loan will have an Origination Fee for both the construction and permanent loan of 1.50% of the loan amount, an Inspection Fee of 50 basis points (“bps”) of the loan amount and a placement fee of 75 bps of the loan amount for lender’s legal fees and HUD Ginnie Mae fees.

**Palm Beach County Housing Initiatives Program (“HIP”) Loan**

The Applicant received a preliminary workforce housing award of HIP funding in the amount of \$4,650,000 in the form of a repayable loan for the construction and permanent financing of the Subject Development. The loan is secured by a mortgage/note that requires repayment of principal and interest. However, the loan can be interest only for the first 10 years subject to available cash flow and will be subordinate to the construction and permanent first mortgage.

The term of the loan will be equal to or greater than the term of the Federal Housing Administration loan (2-year construction period and 40-year permanent period) and have an interest rate of 1.00%.

HIP awards are contingent upon projects meeting HIP requirements which include but are not limited to: site control, all other funding in place, project being 'shovel' ready 12 months after final Board of County Commissioners’ (“BCC”) approval, project sets an affordability period of no less than 50 years on all County-assisted units.

**Palm Beach County Grant**

The Applicant provided a Palm Beach County Board of Commissioners Agenda Summary for the August 25, 2020 Board meeting approving a \$100,000 grant to the Applicant.

**Other Sources**

Additional sources of funds for this Development during construction consist of Owner Equity in the form of cash contributions from five Owner entities in the amount of \$3,466,028.

Mr. Jeffrey Bolton  
 One North Lake  
 January 29, 2025

**Operating Pro forma**

OPERATING PRO FORMA		ANNUAL	PER UNIT	
<b>INCOME</b>	Gross Potential Rental Income	\$1,132,212	\$20,967	
	Other Income:			
	Miscellaneous	\$2,500	\$46	
	Gross Potential Income	\$1,134,712	\$21,013	
	Less:			
	Economic Loss - Percentage: 0.0%	\$0	\$0	
	Physical Vacancy Loss - Percentage: 4.0%	(\$45,388)	(\$841)	
Collection Loss - Percentage: 1.0%	(\$11,347)	(\$210)		
<b>Total Effective Gross Revenue</b>		<b>\$1,077,976</b>	<b>\$19,963</b>	
<b>EXPENSES</b>	Fixed:			
	Real Estate Taxes	\$82,250	\$1,523	
	Insurance	\$64,800	\$1,200	
	Other	\$2,183	\$40	
	Variable:			
	Management Fee - Percentage: 5.0%	\$53,899	\$998	
	General and Administrative	\$7,795	\$144	
	Payroll Expenses	\$22,000	\$407	
	Utilities	\$24,375	\$451	
	Marketing and Advertising	\$1,500	\$28	
	Maintenance and Repairs	\$9,250	\$171	
	Grounds Maintenance and Landscaping	\$0	\$0	
	Resident Programs	\$0	\$0	
	Contract Services	\$3,750	\$69	
	Security	\$1,500	\$28	
	Other-Monitoring Fee	\$0	\$0	
	Reserve for Replacements	\$18,900	\$350	
	<b>Total Expenses</b>		<b>\$292,202</b>	<b>\$5,411</b>
	<b>Net Operating Income</b>		<b>\$785,775</b>	<b>\$14,551</b>
	<b>Debt Service Payments</b>			
<b>DEBT SERVICE</b>	First Mortgage - Newmark / FHA 221 (d)(4)	\$639,961	\$11,851	
	Second Mortgage - HFA PBC Loan	\$46,500	\$861	
	Third Mortgage - PBC Grant	\$0	\$0	
	All Other Mortgages -	\$0	\$0	
	First Mortgage Fees - Newmark / FHA 221 (d)(4)	\$0	\$0	
	Second Mortgage Fees - HFA PBC Loan	\$0	\$0	
	Third Mortgage Fees - PBC Grant	\$0	\$0	
	All Other Mortgages Fees -	\$0	\$0	
<b>Total Debt Service Payments</b>		<b>\$686,461</b>	<b>\$12,712</b>	
<b>Cash Flow After Debt Service</b>		<b>\$99,313</b>	<b>\$1,839</b>	

<b>Debt Service Coverage Ratios</b>	
DSC - First Mortgage plus Fees	1.228
DSC - Second Mortgage plus Fees	1.145
DSC - Third Mortgage plus Fees	1.145
DSC - All Mortgages and Fees	1.145

<b>Financial Ratios</b>	
Operating Expense Ratio	27.1%
Break-Even Ratio	86.5%

Mr. Jeffrey Bolton  
 One North Lake  
 January 29, 2025

*Notes to Operating Pro Forma and Ratios:*

A rent roll for the Development is illustrated in the following table:

Palm Beach County (West Palm Beach – Boca Raton HMFA):

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	CU Rents	Annual Rental Income
1	1.0	7	555	120%			\$2,410		\$2,410		\$1,406	\$1,406	\$118,104
2	2.0	38	808	120%			\$2,892		\$2,892		\$1,783	\$1,783	\$813,048
2	2.0	3	845	120%			\$2,892		\$2,892		\$1,687	\$1,687	\$60,732
3	3.0	6	982	120%			\$3,342		\$3,342		\$1,949	\$1,949	\$140,328
		54	43,016										\$1,132,212

1. Operating expense are based on the Applicant's / Developer's estimates.
2. The First Mortgage debt service payment and fees are based off Newmark's' LOI dated December 17, 2024.

**Recommendation**

The preliminary review was conducted to assess the feasibility of the proposed development, One North Lake. After completing a preliminary analysis and evaluating the Developer's plan and due diligence documentation related to the construction and operation of the development, Seltzer has determined that the transaction warrants approval to proceed to full credit underwriting with the following assumptions:

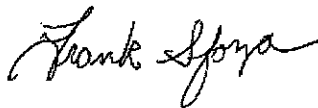
- Market Study and Appraisal will confirm projected rents are achievable, property valuations support purchase price
- Plan and Cost Analysis will confirm reports and all contracts (including construction contract) are satisfactory
- Updated Geotechnical Report confirming what actions are necessary to satisfactorily support the revised 4-story building structure

Certain aspects of the transaction may evolve during the credit underwriting process. Seltzer will thoroughly review any changes and include updates in the credit underwriting report. If any changes are deemed significant, Seltzer will notify Palm Beach County, and Board approval may be required.

Should you have any questions please feel free to contact me directly.

SELTZER MANAGEMENT GROUP, INC.

Prepared by:



Frank Sforza  
 Senior Credit Underwriter

One North Lake  
15 Year Income and Expense Proforma

FINANCIAL COSTS:		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
<b>OPERATING PRO FORMA</b>																
Gross Potential Rental Income		\$1,132,212	\$1,154,856	\$1,177,953	\$1,201,512	\$1,225,543	\$1,250,054	\$1,275,055	\$1,300,556	\$1,326,567	\$1,353,098	\$1,380,160	\$1,407,763	\$1,435,919	\$1,464,637	\$1,493,930
Other Income:																
Miscellaneous		\$2,500	\$2,550	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047	\$3,108	\$3,171	\$3,234	\$3,299
Gross Potential Income		\$1,134,712	\$1,157,406	\$1,180,554	\$1,204,165	\$1,228,249	\$1,252,814	\$1,277,870	\$1,303,427	\$1,329,496	\$1,356,086	\$1,383,208	\$1,410,872	\$1,439,089	\$1,467,871	\$1,497,228
Less:																
Economic Loss - Percentage:																
Physical Vacancy Loss - Percentage: 4.0%		(\$45,388)	(\$46,296)	(\$47,222)	(\$48,167)	(\$49,130)	(\$50,113)	(\$51,115)	(\$52,137)	(\$53,180)	(\$54,243)	(\$55,328)	(\$56,435)	(\$57,564)	(\$58,715)	(\$59,889)
Collection Loss - Percentage: 1.0%		(\$11,947)	(\$11,574)	(\$11,806)	(\$12,042)	(\$12,282)	(\$12,528)	(\$12,779)	(\$13,034)	(\$13,295)	(\$13,561)	(\$13,832)	(\$14,109)	(\$14,391)	(\$14,679)	(\$14,972)
Total Effective Gross Revenue		\$1,077,976	\$1,099,536	\$1,121,527	\$1,143,957	\$1,166,836	\$1,190,173	\$1,213,977	\$1,238,256	\$1,263,021	\$1,288,282	\$1,314,047	\$1,340,328	\$1,367,135	\$1,394,477	\$1,422,367
Fixed:																
Real Estate Taxes		\$82,250	\$84,718	\$87,259	\$89,877	\$92,573	\$95,350	\$98,211	\$101,157	\$104,192	\$107,318	\$110,537	\$113,853	\$117,269	\$120,787	\$124,411
Insurance		\$64,800	\$66,744	\$68,746	\$70,809	\$72,933	\$75,121	\$77,375	\$79,696	\$82,087	\$84,549	\$87,086	\$89,698	\$92,389	\$95,161	\$98,016
Other		\$2,189	\$2,248	\$2,316	\$2,385	\$2,457	\$2,531	\$2,607	\$2,685	\$2,765	\$2,848	\$2,934	\$3,022	\$3,112	\$3,206	\$3,302
Variable:																
Management Fee - Percentage: 5.0%		\$53,899	\$54,977	\$56,076	\$57,198	\$58,342	\$59,509	\$60,699	\$61,913	\$63,151	\$64,414	\$65,702	\$67,016	\$68,357	\$69,724	\$71,118
General and Administrative		\$7,795	\$8,029	\$8,270	\$8,518	\$8,773	\$9,037	\$9,308	\$9,587	\$9,874	\$10,171	\$10,476	\$10,790	\$11,114	\$11,447	\$11,791
Payroll Expenses		\$12,000	\$12,650	\$13,340	\$14,040	\$14,761	\$15,504	\$16,269	\$17,057	\$17,869	\$18,705	\$19,566	\$20,453	\$21,367	\$22,308	\$23,277
Utilities		\$24,375	\$25,106	\$25,859	\$26,635	\$27,434	\$28,257	\$29,105	\$29,978	\$30,878	\$31,804	\$32,758	\$33,741	\$34,753	\$35,796	\$36,869
Marketing and Advertising		\$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
Maintenance and Repairs		\$9,250	\$9,528	\$9,813	\$10,108	\$10,411	\$10,723	\$11,045	\$11,376	\$11,718	\$12,069	\$12,431	\$12,804	\$13,188	\$13,584	\$13,991
Grounds Maintenance and Landscaping		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resident Programs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Services		\$3,750	\$3,863	\$3,978	\$4,098	\$4,221	\$4,347	\$4,478	\$4,612	\$4,750	\$4,893	\$5,040	\$5,191	\$5,347	\$5,507	\$5,672
Security		\$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
Other-Pest Control		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements		\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$18,900	\$19,467	\$20,051	\$20,653	\$21,272	\$21,910
Total Expenses		\$292,202	\$299,852	\$307,741	\$315,845	\$324,182	\$332,757	\$341,577	\$350,651	\$359,984	\$369,585	\$380,029	\$390,772	\$401,825	\$413,197	\$424,895
Net Operating Income		\$785,775	\$799,674	\$813,786	\$828,112	\$842,654	\$857,416	\$872,399	\$887,605	\$903,037	\$918,696	\$934,619	\$950,856	\$967,509	\$984,581	\$1,002,072
<b>DEBT SERVICE</b>																
First Mortgage - Newmark / FHA 221 (d)(4)		\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961	\$639,961
Second Mortgage - HFA PBC Loan		\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500
Third Mortgage - PBC Grant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages -		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
First Mortgage Fees - Newmark / FHA 221 (d)(4)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Mortgage Fees - HFA PBC Loan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Mortgage Fees - PBC Grant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages Fees -		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments		\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461	\$686,461
Cash Flow After Debt Service		\$99,313	\$113,213	\$127,325	\$141,651	\$156,193	\$170,955	\$185,938	\$201,144	\$216,576	\$232,235	\$247,557	\$263,095	\$278,848	\$294,820	\$311,010
<b>Debt Service Coverage Ratios</b>																
DSC - First Mortgage plus Fees		1.228	1.250	1.272	1.294	1.317	1.340	1.363	1.387	1.411	1.436	1.459	1.484	1.508	1.533	1.559
DSC - Second Mortgage plus Fees		1.145	1.165	1.185	1.206	1.228	1.249	1.271	1.293	1.315	1.338	1.361	1.383	1.406	1.429	1.453
DSC - Third Mortgage plus Fees		1.145	1.165	1.185	1.206	1.228	1.249	1.271	1.293	1.315	1.338	1.361	1.383	1.406	1.429	1.453
DSC - All Mortgages and Fees		1.145	1.165	1.185	1.206	1.228	1.249	1.271	1.293	1.315	1.338	1.361	1.383	1.406	1.429	1.453
<b>Financial Ratios</b>																
Operating Expense Ratio		27.1%	27.3%	27.4%	27.6%	27.8%	28.0%	28.1%	28.3%	28.5%	28.7%	28.9%	29.2%	29.4%	29.6%	29.9%
Break-Even Ratio		85.5%	85.5%	84.5%	83.5%	82.5%	81.6%	80.7%	79.8%	79.0%	78.1%	77.4%	76.6%	75.9%	75.2%	74.5%

**Palm Beach County 2024 Multifamily Income Limits and Rents**

Income Category	2024 Income Limit by Number of Persons in Household									
	1	2	3	4	5	6	7	8	9	10
60%	\$45,000	\$51,420	\$57,840	\$64,260	\$69,420	\$74,580	\$79,680	\$84,840	\$89,964	\$95,105
70%	\$52,500	\$59,990	\$67,480	\$74,970	\$80,990	\$87,010	\$92,960	\$98,980	\$104,958	\$110,956
80%	\$60,000	\$68,550	\$77,100	\$85,650	\$92,550	\$99,400	\$106,250	\$113,100	\$119,952	\$126,806
90%	\$67,500	\$77,123	\$86,745	\$96,368	\$104,123	\$111,840	\$119,528	\$127,245	\$134,946	\$142,657
100%	\$75,000	\$85,695	\$96,390	\$107,085	\$115,695	\$124,280	\$132,805	\$141,390	\$149,940	\$158,508
110%	\$82,500	\$94,268	\$106,035	\$117,803	\$127,268	\$136,720	\$146,083	\$155,535	\$164,934	\$174,359
120%	\$90,000	\$102,840	\$115,680	\$128,520	\$138,840	\$149,160	\$159,360	\$169,680	\$179,928	\$190,210
130%	\$97,500	\$111,410	\$125,320	\$139,230	\$150,410	\$161,590	\$172,640	\$183,820	\$194,922	\$206,061
140%	\$105,000	\$119,980	\$134,960	\$149,940	\$161,980	\$174,020	\$185,920	\$197,960	\$209,916	\$221,911

2024 Median Income : \$104,000

Based on Florida Housing Finance Corporation *Multifamily Rental Programs and CWHIP Homeownership Program*  
 90%, 100%, 110%, 130% AMI rent limits imputed by Palm Beach County based on FHFC rent limits.

Income Category	2024 Rent Limit by Number of Bedrooms in Unit					
	0	1	2	3	4	5
60%	\$1,125	\$1,205	\$1,446	\$1,671	\$1,864	\$2,056
70%	\$1,312	\$1,406	\$1,687	\$1,949	\$2,175	\$2,399
80%	\$1,500	\$1,607	\$1,928	\$2,228	\$2,486	\$2,742
90%	\$1,688	\$1,808	\$2,169	\$2,507	\$2,797	\$3,085
100%	\$1,875	\$2,009	\$2,410	\$2,785	\$3,108	\$3,428
110%	\$2,063	\$2,209	\$2,651	\$3,064	\$3,418	\$3,770
120%	\$2,250	\$2,410	\$2,892	\$3,342	\$3,729	\$4,113
130%	\$2,438	\$2,611	\$3,133	\$3,621	\$4,040	\$4,456
140%	\$2,625	\$2,812	\$3,374	\$3,899	\$4,350	\$4,798

Ref:\S:HousingBond\Income Limits & Rents 2024.xls

25-0585

BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY, FLORIDA  
EXPENDITURE BUDGET TRANSFER

BGEX 143 022025\*982

FUND 1116 HOUSING INITIATIVE FUND

ACCOUNT NUMBER	ACCOUNT NAME	UNIT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED as of 2/20/2025	REMAINING BALANCE
<b>EXPENDITURES</b>									
143-1477-8201	Contributions - Non-Govts Agencies	Housing Initiative	52,119,086	46,683,876	0	4,650,000	42,033,876	2,170	42,031,706
143-1701-8201	Contributions - Non-Govts Agencies	One North Lake, LLC	0	0	4,650,000	0	4,650,000		4,650,000
	<b>Total Expenditures</b>				<b>4,650,000</b>	<b>4,650,000</b>			

SIGNATURES

Initiating Department/Division



DATES

2/20/2025

Administration/Budget Department Approval



2/24/2025

OFMB Department - Posted

BY BOARD OF COUNTY COMMISSIONERS

At Meeting of: 3/11/2025

Deputy Clerk to the  
Board of County Commissioners