

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERSAGENDA ITEM SUMMARY

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Meeting Date:	March 11, 2025	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Housing and Economic Development		

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I. EXECUTIVE BRIEF**Motion and Title: Staff recommends motion to:**

- A) approve** General Obligation Housing Bond Loan Program (HBLP) – Affordable Housing Multifamily Development award to Village of Valor, Ltd., (VOV) in the amount of \$4,300,000 for the Village of Valor 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 \$4,300,000 within the HBLP Fund to recognize the allocation of HBLP funds to the Project.

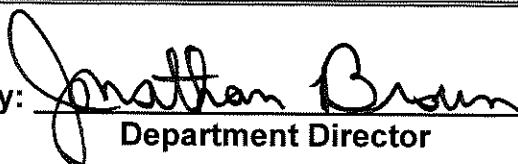
**Summary:** On November 19, 2024, the Board of County Commissioners (BCC), conceptually approved HBLP funding in the amount of \$4,300,000 for the Project. The Project consists of a four (4) story, mid-rise building with 54 multifamily rental development units located at 2701-2751 Second Avenue North in Palm Springs. Palm Beach County (County) funds will be provided on a per-unit basis and the total of all County funding shall not account for more than 50% of the total unit cost as allocated to the County-assisted funding units. All units will be available to families at or below 80% Area Median Income (AMI) with income targeting as deep as 30% AMI and with preference to veteran tenants and their families. A declaration of restrictions will be recorded to ensure affordability for a 50 year period. On May 7, 2024 (Agenda Item 5B-1), the Project also received additional funding in the amount of \$2,000,000 in Neighborhood Stabilization Program 2 (NSP2) funds. The total Project cost is \$30,511,273 with a County HBLP investment of \$4,300,000 for a per-unit cost of \$79,630. Total County HBLP investment for this Project is 14.09%. Total County funding for this Project including \$4,300,000 in HBLP bonds and \$2,000,000 in NSP2 funding is \$6,300,000 or 20.65% (\$116,667 per unit) of the total Project.

**Summary continued on Page 3**

**Background and Policy Issues. Continued on Page 3****Attachments:**

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

Recommended By:

  
Department Director2/19/2025  
Date

Approved By:

  
Assistant County Administrator3/3/25  
Date

**II. FISCAL IMPACT ANALYSIS**

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

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures	\$4,300,000				
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>	<b>\$4,300,000</b>				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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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

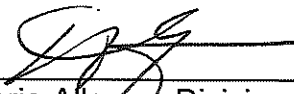
Budget Account No.:

Fund 1117 Dept. 143 Unit 7300 Object 8201 Program Code/Period N/A

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

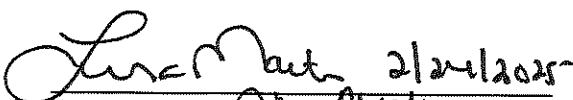
Approval of this agenda item will allocate \$4,300,000 in HBLP funds to the Village of Valor, Ltd. project.


**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 JA 2/24  
MB 2/24 B 2/24

  
 Contract Development and Control  
26 2.27.25

**B. Legal Sufficiency:**

  
 \_\_\_\_\_  
 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)**

Based on the preliminary underwriter’s report, County funding will be provided in the form of a repayable loan at 0% interest. Affordability restrictions will be recorded through Declarations of Restrictive Covenants and will survive repayment of the loan.

Funding sources for this project are as follows:

<b>Funding Sources:</b>	
CIBC Bank	\$5,770,000
FHFC-SAIL	\$2,000,000
FHFC-SAIL	\$776,100
FHFC-HOME	\$1,458,500
<b>PBC Housing Bond Funds</b>	<b>\$4,300,000</b>
<b>PBC NSP Grant Funds</b>	<b>\$2,000,000</b>
Kathy Makino Leipsitz	\$1,000,000
Merchants Capital Investments	\$10,904,160
Development Partners Inv LLC & Delray Housing Group, Inc.	\$2,302,513
<b>Total Development Cost</b>	<b>\$30,511,273</b>

The Loan Agreement and related documents pursuant to these HBLP funds will be between the County and VOV. 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. To facilitate Project implementation, staff requests authorization for the County Administrator, or designee, to execute the Loan Agreement and all related documents. District 3 (HJF)

**Background and Policy Issues: (Continued from Page 1)**

The Department of Housing and Economic Development is administering the voter approved HBLP. Bond funds which may be issued all at once or in tranches, as determined by the BCC, for the purposes as stated in County Resolution R2022-1405. The Housing Bond Allocation Process Criteria includes approved General Guidelines from Resolution R2022-0626, including, but not limited to, funding criteria and processes, project requirements, loan terms, deed restrictions, project selection, credit underwriting and compliance and monitoring requirements.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT COMPREHENSIVE LOAN TERM SHEET

## Project and Funding Program Information

**Funding program:** Housing Bond Loan Program (HBLP)

**RFP number and name:** HBLP.2024.5 Affordable Housing Multifamily Development

**Project name:** Village of Valor

**Borrower name:** Village of Valor LTD

**Contracting entity:** Village of Valor LTD.

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

**Brief Project Description:** The project will entail the new construction of 54 units, including 2 buildings consisting of 26 two-bedroom units and 28 three-bedroom units.

## Loan Terms

**Loan amount:** \$ 4,300,000

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

**Interest rate:** 0%

**Affordability period:** 50 years

**Affordability:**

17 units at or below 30% AMI

6 units at or below 50% AMI

10 units at or below 60% AMI

21 units at or below 80% 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, 2026 which includes the full capitalization of the project financing and lien priority, operational proforma, and complete rental/sale information for units.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT COMPREHENSIVE LOAN TERM SHEET

**Bond Loan term:**

- 20 year term
- Payments deferred until primary loan conversion
- Payments are based on a 50-year amortization calculation
- Payments are subject to available cash flow with unpaid payments deferred to the end of the term

**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:** 3<sup>rd</sup> Quarter 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: 

Village of Valor LTD by Kathy Makino  
Name (printed)

Member of GP  
Title



January 10, 2025

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

Re: Village of Valor (“Development”)  
Preliminary Review of the Palm Beach County Application

Dear Mr. Bolton:

First Housing Development Corporation of Florida (“First Housing” or “FHDC”) has done an initial review of the Palm Beach County application for the Development. A summary of the information known at this time is below. Please note the Development the below is subject to change.

**Development Highlights**

- County funds will be provided on a per-unit basis and the total of all County fundings shall not account for more than 50% of the total unit cost as allocated to the County-Assisted funding units.
  - County funds are currently 14.09% of loan to cost for the entire Development.
- County-Assisted Housing Units shall bear the affordability requirements of the RFP for no less than 30 years.
  - The Development has committed to an affordability period of 40 years under the Palm Beach County application.
- A required minimum debt service coverage (“DSC”) ratio on the senior debt will be no less than 1.10 DSC and no more than 1.50 DSC.
  - The Development is currently showing a DSC of 1.13x on the senior debt.
- Permanent deferred developer fee should be a minimum of 30% of the total developer fee.



- The Developer is currently deferring 55.47% of the total developer fee during the permanent period.

**Background**

The Development is to be located 2701-2751 Second Avenue N, Palm Springs, FL 33461 and will consist of 54 units within two mid-rise residential buildings. Closing is scheduled for third quarter 2025. The Development is targeting a May 2024 Board Meeting for presentation of the credit underwriting report.

Village of Valor, Ltd. (“Applicant”) is a Florida limited liability company, formed on October 16, 2024, expressly to construct, own, and operate the Development. The General Partner with 0.0049% ownership interest in the Applicant is KSM Holdings Florida, LLC, a Florida limited liability company, formed October 16, 2014. The General Partner with 0.0051% ownership interest in the Applicant is Village of Valor, LLC, a Florida limited liability company, formed August 28, 2014. Village of Valor, LLC is 100% owned by Faith Hope Love Charity, Inc., a Florida non-profit corporation. The initial retiring Limited Partner, with a 99.99% ownership interest in the Applicant, is Roy Foster to be replaced at closing by the Syndicator, Merchants Capital Investments.

The two Co-Developers are Development Partners, Inc. and Delray Housing Group, Inc.

Development Partners Inc. is a newly formed entity with no development experience, the experience lies with Kathy Makino-Leipsitz. She began her career in affordable multi-family housing in 1979, with the purchase of her first rental real estate property while a college student. Kathy Makino-Leipsitz continued to increase her real estate portfolio, with both developing new properties and purchasing existing properties in need of rehabilitation.

Delray Housing Group, Inc. (“DHG”) was established by the Delray Beach Housing Authority (“DBHA”) to serve as its development and management subsidiary. The DBHA Board of Commissioners serves as the DHG’s Board of Directors. DHG is a 501(c)(3) organization incorporated in the State of Florida in May 2003.

**FHDC**

**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	Appraiser Rents	CU Rents	Annual Rental Income
2	2.0	5	1035	22%	\$1,205		\$530	\$113	\$417		\$417		\$417	25,020
2	2.0	6	1035	30%			\$723	\$113	\$610		\$610		\$610	43,920
2	2.0	3	1035	50%			\$1,205	\$113	\$1,092		\$1,092		\$1,092	39,312
2	2.0	2	1035	60%			\$1,446	\$113	\$1,333		\$1,333		\$1,333	31,992
2	2.0	10	1035	80%			\$1,928	\$113	\$1,815		\$1,815		\$1,815	217,800
3	2.0	6	1303	30%			\$835	\$132	\$703		\$703		\$703	50,616
3	2.0	3	1303	50%			\$1,392	\$132	\$1,260		\$1,260		\$1,260	45,360
3	2.0	8	1303	60%			\$1,671	\$132	\$1,539		\$1,539		\$1,539	147,744
3	2.0	11	1303	80%			\$2,228	\$132	\$2,096		\$2,096		\$2,096	276,672
		54	63,394											878,436

The Utility Allowances are based on Palm Beach County Allowances, dated January 1, 2024.

**FHDC**

<b>PERMANENT FINANCING INFORMATION</b>										
Lien Position	First	Second	Second	Third	Fourth	Fifth				Totals
Source	Local HFA Bond	FHFC - SAIL	FHFC - SAIL ELI	FHFC - HOME	Other Local	Self-S'd: Non-Bond	Grant	FHFC - HC 4%	Def. Dev. Fee	
Lender/Grantor	HFAPBC / NewPoint Real Estate Capital	FHFC	FHFC	FHFC	Palm Beach County	Kathy Makino Leipsitz	Palm Beach County	Merchants Capital Investments, LLC	Development Partners, Inc. and Delray Housing Group, Inc.	
Permanent Amount	\$5,770,000	\$2,000,000	\$776,100	\$1,458,500	\$4,300,000	\$1,000,000	\$2,000,000	\$10,904,160	\$2,302,513	\$30,511,273
Permanent Funding Per Unit	\$106,852	\$37,037	\$14,372	\$27,009	\$79,630	\$18,519	\$37,037	\$201,929	\$42,639	\$565,024
% of Permanent Funding	18.9%	6.6%	2.5%	4.8%	14.1%	3.3%	6.6%	35.7%	7.5%	100.0%
Underwritten Interest Rate	6.60%	1.00%	0.00%	0.00%	0.00%	6.00%				
Loan Term	17	17	17	30	17.5	30				
Amortization	40	0	0	0	50	0				
Must Pay or Cash Flow Dependent	Must-Pay	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow				
Permanent Debt Service, No Fees	\$410,313	\$20,000	\$0	\$0	\$0	\$60,000				\$490,313
Permanent Debt Service, with Fees	\$423,444	\$28,022	\$0	\$4,728	\$4,500	\$60,000				\$520,694
Debt Service Coverage, with Fees	1.13x	1.06x	1.06x	1.05x	1.04x	0.92x				
Operating Deficit & Debt Service Reserves	\$197,491									
# of Months covered by the Reserves	2.9									

The Palm Beach County Loan will be interest only during years 1-10 at 0% and then principal payments will begin in year 11 based on a 50-year amortization schedule.

**FHDC**

**Sources Overview**

<b>CONSTRUCTION/PERMANENT SOURCES:</b>				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bond	HFAPBC/ CIBC Bank USA / NewPoint Real Estate Capital	\$14,000,000	\$5,770,000	\$106,852
FHFC - SAIL	FHFC	\$2,000,000	\$2,000,000	\$37,037
FHFC - SAIL ELI	FHFC	\$776,100	\$776,100	\$14,372
FHFC - HOME	FHFC	\$1,458,500	\$1,458,500	\$27,009
Other Local	Palm Beach County	\$4,300,000	\$4,300,000	\$79,630
Self-S'd: Non-Bond	Kathy Makino Leipsitz	\$1,000,000	\$1,000,000	\$18,519
Grant	Palm Beach County	\$2,000,000	\$2,000,000	\$37,037
FHFC - HC 4%	Merchants Capital Investments, LLC	\$2,180,832	\$10,904,160	\$201,929
Def. Dev. Fee	Development Partners, Inc. and Delray Housing Group, Inc.	\$2,795,841	\$2,302,513	\$42,639
<b>TOTAL</b>		<b>\$30,511,273</b>	<b>\$30,511,273</b>	<b>\$565,024</b>

**Construction Tax-Exempt Bonds:**

First Housing received a term sheet, dated August 30, 2024, which indicates CIBC Bank USA will provide construction bond financing in an amount up to \$14,000,000. The loan may not exceed 75% loan to appraised “as stabilized” value plus the value of the tax credits and other favorable financing. The term of the construction loan is 24 months, plus one, 6-month extension option. Interest-only payments will be required during the term of the loan. The floating interest rate will be based on the 30-day Term SOFR (with a floor of 40 basis points) plus a spread of 225 basis points. The interest rate is based on the 30-day Term SOFR of 4.31% (as of January 6, 2025) plus a spread of 2.25% and an underwriting cushion of 0.25%, for an overall rate of 6.81%.

The annual Issuer Fee of 15 basis points and the annual Trustee Fee of \$4,500 has been included in the total development costs.

**Permanent Tax-Exempt Bonds:**

First Housing has received a Soft Quote Summary, dated November 6, 2024, which indicates NewPoint will provide permanent bond financing in the maximum amount of \$6,119,000. However, in order to maintain a 1.00 debt service coverage ratio on the Palm Beach County funding through the 15-year proforma, First Housing is projecting a permanent first mortgage of \$5,770,000. The permanent loan term is 17 years, with an amortization of 40 years. Interest only payments will be required for the first 4 years. The interest rate will be fixed at a rate equal to the 10-year Treasury Note plus a spread of 2.03%. The interest rate is based on 10-year Treasury Note of 4.57% (as of January 2, 2025) plus a spread of 2.03%, for an overall rate of 6.60%.

Additional fees included in the Debt Service calculation consist of an annual Issuer Fee of 15 basis points and an annual Trustee Fee of \$4,500.

FHFC SAIL/ELI and HOME-ARP Loans:

First Housing reviewed an invitation to enter credit underwriting, dated November 18, 2024, from FHFC that includes a preliminary Total SAIL Loan in the amount of \$2,776,100, which consists of a preliminary SAIL Base Loan in the amount of \$2,000,000 plus a preliminary ELI Loan in the amount of \$776,100 and a HOME-ARP in an amount up to \$1,458,500. The SAIL Base loan and the ELI loan will be closed as one loan and will have one set of closing documents.

The SAIL Base Loan is non-amortizing with an interest rate of 1% over the life of the loan and annual payments based upon available cash flow. The SAIL Base Loan will have a total term of 19.5 years, of which 2.5 years is for the construction/stabilization period and 17 years is for the permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL Base Loan will be coterminous with the first mortgage. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Base Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% per annum over the life of the loan. The ELI Loan will have a total term of 19.5 years, of which 2.5 years is for the construction/stabilization period and 17 years is for the permanent period. Annual payments of all applicable fees will be required. As required by the first mortgage lender and permitted by the RFA, the ELI Loan term will be coterminous with the first mortgage. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households. After 15 years, all of the set-aside units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set-aside commitments must be maintained throughout the entire 50-year Compliance Period.

The HOME-ARP Loan is non-amortizing with an interest rate of 0% per annum over the life of the loan, with the principal forgivable at maturity provided the units for which the HOME-ARP Loan amount is awarded are targeted as 22% Units for the first 30 years of the 50 year Compliance Period. The Loan will have a total term of 32.5 years, of which 2.5 years is for the construction/stabilization period and 30 years is for the permanent period. Annual payments of all applicable fees will be required.

For the Total SAIL loan and HOME-ARP loan, fees include an annual multiple program Compliance Monitoring Fee of \$1,084 and an annual Permanent Loan Servicing Fee of 25 bps of

**FHDC**

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the outstanding loan amount up to a maximum of \$990 per month, subject to a minimum of \$250 per month.

Palm Beach County GOB Loan:

The Development was preliminarily awarded a Housing Bond Loan Program loan in the amount of \$4,300,000. First Housing has included a loan term of 20 years of which 2.5 years is for the construction term and 17.5 years is the permanent loan term. First Housing has assumed an interest rate of 0%. In year 11, First Housing has included interest and principal payments based on a 50-year amortization schedule. First Housing has assumed that the principal payments will be based on available cash flow.

Self-Sourced Financing:

First Housing received a draft Promissory Note, where Village of Valor, Ltd. promises to pay to the order of Kathy Makino Leipsitz the principal amount of \$1,000,000. The loan will bear interest at a rate of 6%, compounding. Payments of interest shall be paid from distributions of net cash flow. Verification that the loan is co-terminus with the HOME-ARP, will be a condition to close.

Grant:

First Housing received a Local Government Verification of Contribution – Grant Form, indicating Palm Beach Commits \$2,000,000 as a grant to the Applicant. The source of the grant is from the Neighborhood Stabilization Program. The County does not expect to be repaid or reimbursed by the Applicant, provided the funds are expended solely for the development of Village of Valor.

**FHDC**

Housing Credit Equity:

**Syndication Contributions:**

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$2,180,832	20.00%	Closing
2nd Installment	\$4,361,664	40.00%	95% lien-free construction completion
3rd Installment	\$4,301,691	39.45%	Stabilization - later of 93% economic occupancy, 100% qualified occupancy, and DSCR of 1.15
4th Installment	\$59,973	0.55%	Receipt of Form 8609's for all buildings
<b>Total</b>	<b>\$10,904,160</b>	<b>100.00%</b>	

Syndicator Name	Merchants Capital Investments, LLC
Date of LOI	11/7/2024
Total Credits Per Syndication Agreement:	\$12,680,524
Annual Credits Per Syndication Agreement:	\$1,268,052
Calculated HC Exchange Rate:	\$0.86
Limited Partner Ownership Percentage:	99.99%
Proceeds Available During Construction:	\$2,180,832

While the second capital contribution is available at 95% completion, First Housing is not reflecting this contribution during construction. First Housing will make the necessary adjustments within the full credit underwriting report.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer \$2,795,841 or 67.35% of the total Developer Fee of \$4,151,064 during the construction period. To balance the sources and uses of funds during the permanent period, the Developer is required to defer \$2,302,513 or approximately 55.47% of the total Developer Fee of \$4,151,064.

**Operating Pro Forma – Village of Valor**

FINANCIAL COSTS:				Year 1	Year 1
					Per Unit
<b>OPERATING PRO FORMA</b>					
INCOME:	Gross Potential Rental Income			\$878,436	\$16,267
	Other Income: (5.16%)				\$0
	Miscellaneous			\$45,360	\$840
	Gross Potential Income			\$923,796	\$17,107
	Less:				
	Physical Vac. Loss	Percentage: 5.00%	\$46,190	\$855	
<b>Total Effective Gross Income</b>				<b>\$877,606</b>	<b>\$16,252</b>
Annual Escalation Rate (Income): 2.00%					
EXPENSES:	Fixed:				
	Real Estate Taxes			\$64,800	\$1,200
	Insurance			\$91,800	\$1,700
	Variable:				
		Management Fee	Percentage: 5.00%	\$43,880	\$813
	General and Administrative			\$16,200	\$300
	Payroll Expenses			\$86,400	\$1,600
	Utilities			\$32,400	\$600
	Marketing and Advertising			\$5,400	\$100
	Maintenance and Repairs/Pest Control			\$27,000	\$500
	Contract Services			\$13,500	\$250
	Reserve for Replacements			\$16,200	\$300
	<b>Total Expenses</b>				<b>\$397,580</b>
Annual Escalation Rate (Expenses): 3.00%					
<b>Net Operating Income</b>				<b>\$480,026</b>	<b>\$8,889</b>
<b>Debt Service Payments</b>					
First Mortgage - HFAPBC / NewPoint Real Estate Capital			\$410,313	\$7,598	
Second Mortgage - FHFC - SAIL			\$20,000	\$370	
Third Mortgage - FHFC - HOME			\$0	\$0	
Fourth Mortgage - Palm Beach County			\$0	\$0	
All Other Mortgages - Kathy Makino Leipsitz			\$60,000	\$1,111	
First Mortgage Fees - HFAPBC / NewPoint Real Estate Capital			\$13,131	\$243	
Second Mortgage Fees - FHFC - SAIL			\$8,022	\$149	
Third Mortgage Fees - FHFC - HOME			\$4,728	\$88	
Fourth Mortgage Fees - Palm Beach County			\$4,500	\$83	
All Other Mortgages Fees - Kathy Makino Leipsitz			\$0	\$0	
Total Debt Service Payments			\$520,694	\$9,642	
Cash Flow after Debt Service			(\$40,668)	(\$753)	
<b>Debt Service Coverage Ratios</b>					
DSC - First Mortgage plus Fees			1.13x		
DSC - Second Mortgage plus Fees			1.06x		
DSC - Third Mortgage plus Fee			1.05x		
DSC - Fourth Mortgage plus Fees			1.04x		
DSC - All Mortgages and Fees			0.92x		
<b>Financial Ratios</b>					
Operating Expense Ratio			45.30%		
Break-even Econ Occup Ratio (all debt)			99.65%		
Break-even Econ Occup Ratio (must pay debt)			89.13%		

Interest payments to Kathy Makino Leipsitz are based on net cash flow, however, First Housing is showing the payments for illustrative purposes.



FHDC

**Recommendation:**

Based on the preliminary data provided by the Developer, First Housing has included a Palm Beach County loan in the amount of \$4,300,000. First Housing has assumed a 0% interest rate, a 20-year loan term, and principal payments beginning in year 11 based on a 50-year amortization. First Housing has assumed that the interest and principal payments will be based on available cash flow. It is anticipated that during credit underwriting the assumptions in this letter may change based on market conditions and third party reports.

At this time First Housing is recommending the following Guarantors, which is subject to change during credit underwriting.

Construction Completion Guarantor(s):		-
CC Guarantor 1:	Village of Valor, Ltd.	
CC Guarantor 2:	Village of Valor LLC	
CC Guarantor 3:	Faith Hope Love Charity, Inc.	
CC Guarantor 4:	KSM Holdings Florida LLC	
CC Guarantor 5:	Kathy Makino	
CC Guarantor 6:	Development Partners, Inc.	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Village of Valor, Ltd.	
OD Guarantor 2:	Village of Valor LLC	
OD Guarantor 3:	Faith Hope Love Charity, Inc.	
OD Guarantor 4:	KSM Holdings Florida LLC	
OD Guarantor 5:	Kathy Makino	
OD Guarantor 6:	Development Partners, Inc.	

Prepared by:  
DRAFT  
Stephanie Petty  
Senior Credit Underwriter

Reviewed by:  
DRAFT  
Edward Busansky  
Senior Vice President

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	\$878,436	\$986,005	\$913,925	\$932,203	\$950,847	\$969,864	\$989,262	\$1,009,047	\$1,029,228	\$1,049,812	\$1,070,899	\$1,092,225	\$1,114,069	\$1,136,351	\$1,159,078
Other Income: (\$165)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$45,360	\$480	\$46,267	\$48,136	\$49,096	\$50,061	\$51,033	\$52,011	\$52,994	\$53,982	\$54,974	\$55,971	\$56,972	\$57,977	\$58,982
Gross Potential Income	\$923,796	\$1,032,272	\$960,192	\$980,339	\$1,000,843	\$1,021,864	\$1,043,279	\$1,065,058	\$1,087,200	\$1,109,794	\$1,132,873	\$1,156,422	\$1,180,441	\$1,204,940	\$1,229,920
Less:															
Physical Vac. Loss	\$46,190	\$55	\$47,114	\$48,036	\$49,017	\$49,997	\$50,977	\$51,957	\$52,937	\$53,917	\$54,897	\$55,877	\$56,857	\$57,837	\$58,817
Total Effective Gross Income	\$877,606	\$1,032,217	\$913,078	\$932,303	\$951,826	\$971,867	\$992,302	\$1,013,081	\$1,034,263	\$1,055,877	\$1,077,976	\$1,100,545	\$1,123,584	\$1,147,103	\$1,170,903
Fixed:															
Real Estate Taxes	\$64,800	\$1,200	\$66,744	\$68,746	\$70,808	\$72,933	\$75,121	\$77,375	\$79,698	\$82,097	\$84,570	\$87,117	\$89,738	\$92,434	\$95,206
Insurance	\$1,800	\$1,700	\$94,554	\$97,391	\$100,312	\$103,322	\$106,421	\$109,614	\$112,902	\$116,289	\$120,772	\$125,352	\$130,031	\$134,811	\$138,856
Variable:															
Management Fee	\$43,880	\$813	\$44,758	\$45,653	\$46,566	\$47,497	\$48,447	\$49,416	\$50,405	\$51,413	\$52,441	\$53,489	\$54,557	\$55,634	\$56,731
General and Administrative	\$16,200	\$300	\$16,686	\$17,202	\$17,747	\$18,323	\$18,929	\$19,566	\$20,232	\$20,928	\$21,654	\$22,410	\$23,196	\$24,012	\$24,858
Payroll Expenses	\$68,400	\$1,600	\$68,992	\$69,612	\$70,261	\$70,938	\$71,643	\$72,376	\$73,137	\$73,926	\$74,743	\$75,588	\$76,461	\$77,361	\$78,288
Utilities	\$32,400	\$600	\$33,372	\$34,374	\$35,404	\$36,466	\$37,560	\$38,687	\$39,848	\$41,043	\$42,272	\$43,534	\$44,839	\$46,185	\$47,570
Marketing and Advertising	\$5,000	\$100	\$5,562	\$6,078	\$6,645	\$7,266	\$7,941	\$8,670	\$9,454	\$10,293	\$11,187	\$12,136	\$13,149	\$14,226	\$15,367
Maintenance and Repairs/pest Control	\$27,000	\$800	\$27,810	\$28,644	\$29,504	\$30,389	\$31,300	\$32,239	\$33,207	\$34,203	\$35,229	\$36,286	\$37,374	\$38,496	\$39,650
Contract Services	\$13,500	\$500	\$13,905	\$14,372	\$14,852	\$15,354	\$15,889	\$16,447	\$17,028	\$17,641	\$18,286	\$18,964	\$19,675	\$20,420	\$21,198
Reserve for Replacements	\$16,200	\$300	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200
Total Expenses	\$397,580	\$7,263	\$408,583	\$419,907	\$431,561	\$443,557	\$455,902	\$468,609	\$481,687	\$495,148	\$509,002	\$523,248	\$537,885	\$552,917	\$570,627
Annual Escalation Rate (Expenses): 3.00%															
Net Operating Income	\$480,026	\$82,954	\$485,275	\$492,396	\$500,265	\$508,960	\$518,482	\$528,843	\$539,951	\$551,803	\$564,501	\$578,049	\$592,452	\$607,714	\$623,841
First Mortgage - FHAPBC / Newport Real Estate Capital	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313	\$410,313
Second Mortgage - FHFC - SAL	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Third Mortgage - FHFC - HOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage - Palm Beach County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages - Kathy Mahino Leptis	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
First Mortgage Fees - FHAPBC / Newport Real Estate Capital	\$13,131	\$243	\$13,099	\$12,979	\$12,861	\$12,746	\$12,634	\$12,524	\$12,417	\$12,313	\$12,211	\$12,111	\$12,013	\$11,917	\$11,823
Second Mortgage Fees - FHFC - SAL	\$8,022	\$149	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022	\$8,022
Third Mortgage Fees - FHFC - HOME	\$4,728	\$88	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728	\$4,728
Fourth Mortgage Fees - Palm Beach County	\$4,500	\$83	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
All Other Mortgages Fees - Kathy Mahino Leptis	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$520,644	\$520,647	\$520,647	\$520,642	\$520,635	\$520,628	\$520,621	\$520,614	\$520,607	\$520,600	\$520,593	\$520,586	\$520,579	\$520,572	\$520,565
Cash Flow after Debt Service	(\$40,618)	(\$75)	(\$40,373)	(\$20,246)	(\$19,371)	(\$18,660)	(\$18,013)	(\$17,429)	(\$16,906)	(\$16,445)	(\$16,046)	(\$15,709)	(\$15,434)	(\$15,220)	(\$15,067)
Debt Service Coverage Ratios	1.13x	1.15x	1.18x	1.20x	1.21x	1.23x	1.24x	1.26x	1.28x	1.29x	1.31x	1.33x	1.35x	1.37x	1.39x
DSC - First Mortgage plus Fees	1.13x	1.15x	1.18x	1.20x	1.21x	1.23x	1.24x	1.26x	1.28x	1.29x	1.31x	1.33x	1.35x	1.37x	1.39x
DSC - Second Mortgage plus Fees	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x	1.08x
DSC - Third Mortgage plus Fee	1.05x	1.07x	1.08x	1.10x	1.11x	1.13x	1.15x	1.17x	1.19x	1.21x	1.23x	1.25x	1.27x	1.29x	1.31x
DSC - Fourth Mortgage plus Fees	1.04x	1.06x	1.07x	1.09x	1.10x	1.11x	1.13x	1.14x	1.16x	1.17x	1.19x	1.21x	1.23x	1.25x	1.27x
DSC - All Mortgages and Fees	0.92x	0.93x	0.95x	0.96x	0.97x	0.99x	1.00x	1.01x	1.02x	1.04x	1.06x	1.08x	1.10x	1.12x	1.15x
Financial Ratios															
Operating Expense Ratio	45.30%	45.6%	45.9%	46.2%	46.5%	46.8%	47.1%	47.4%	47.7%	48.0%	48.3%	48.6%	48.9%	49.2%	49.5%
Break-even Occup Ratio (all debt)	99.65%	98.87%	98.11%	97.37%	96.66%	95.97%	95.31%	94.67%	94.06%	93.47%	92.91%	92.37%	91.85%	91.35%	90.87%
Break-even Occup Ratio (must pay debt)	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%	89.13%

**LENDER**

Attention: Valerie Alleyne  
 Palm Beach County  
 Department of Housing & Economic Development  
 100 Australian Avenue Suite 500  
 West Palm Beach, FL 33406  
 (561) 233-3600

**BORROWER:**

**Two Gardenias by Mary LLC**  
 12882 Anthorne Lane  
 Boynton Beach, FL 33436  
 Attn: Maria Y Castillo  
 (954) 682-4794  
 email: twogardenias2021@gmail.com

**CDBG MICRO LOAN STATEMENT**

Account Information

Account # 143-1431-B002-BG70E-GY22  
 Statement Date 1/10/2025  
 NEXT PAYMENT DUE DATE 1/19/2025  
  
 Interest Rate 5.00000%  
 Principal Balance 22,403.38  
 Principal Payment 655.92  
 Interest Payment 93.35  
 Current Scheduled Payment 749.27

**TOTAL AMOUNT DUE \$749.27**

Activity Since Your Last Statement and Year 2025 Account Summary

Date	Beginning Balance	Principal Payment	Interest Payment	Late Charge	Total Payment	Ending Balance
<b>YTD Total</b>		0.00	0.00	0.00		

Note: Late charges are not applied towards the principal or interest payments.

Please cut coupon below and mail with your payment.  
 Please mail so that it reaches us by the due date.

Borrower:

Two Gardenias by Mary, LLC 143-1431-B002-BG70E-GY22

Due Date	Amount Due	If Received After this Date	Pay this Amount
1/19/2025	\$749.27	1/24/2025	\$786.73

Reminder: The late arrival of payments and the failure to pay late fees may cause the loan to be in default, which will trigger legal actions against the borrower.

**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

25-0586

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

BGEX 143 021925\*977

**FUND 1117 HOUSING BOND PROGRAM**

ACCOUNT NUMBER	ACCOUNT NAME	UNIT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED as of 2/19/2025	REMAINING BALANCE
<b>EXPENDITURES</b>									
143-7299-9908	Res-New Projects	Housing Bond Program Reserves	94,200,000	94,200,000	0	4,300,000	89,900,000	0	89,900,000
143-7300-8201	Contributions - Non-Govts Agencies	Village of Valor Project	0	0	4,300,000	0	4,300,000		4,300,000
	<b>Total Expenditures</b>				<b>4,300,000</b>	<b>4,300,000</b>			

**SIGNATURES**

**DATES**

Initiating Department/Division

2/19/2025

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