



MEMORANDUM

Date: 10.03.2025
To: Board of County Commissioners
From: Colleen K. Turner, Human Services senior manager
Subject: Housing Finance Authority of Lee County – Bond Issuance for Gulf Breeze Apartments

Gulf Breeze Apartments Partners, LTD. is seeking 4% Low-Income Housing Tax Credits (LIHTC) in support of the rehabilitation of Gulf Breeze Apartments, 340 Gulf Breeze Avenue, Punta Gorda, FL 33950. Tax credits are issued in the form of multi-family mortgage revenue bonds (MMRBs). MMRBs are administered by Housing Finance Authorities (HFA). Charlotte County has an Interlocal Agreement with HFA Lee County to administer bonds on our behalf, when requested. The HFA's bond underwriter has requested the County's cooperation in meeting the requirements for the Gulf Breeze application.

Per the Interlocal Agreement, the County must consider the project and program parameters and report any objections to the HFA. If no objections or program parameters, including community benefits, a Letter of No Objection is provided. If both the County and the HFA agree to the application, a TEFRA (Tax Equity and Fiscal Responsibility Act) hearing will be held in both jurisdictions (Charlotte and Lee Counties) with public notice provided that: includes the project details, location, and maximum bond amount; solicits public input; and offers official approval for the tax-exempt bond financing. If approved, and the application is awarded, the HFA issues the bonds on the County's behalf to the project/program.

It should be noted, the Interlocal Agreement ensures that any application fees, bond closing fees, and annual administrative fees with respect to projects financed under the Agreement are split equally between the County and the HFA. Should the BCC authorize the issuance of a Letter of No Objection and the Gulf Breeze Apartments Partners, LTD. application for Gulf Breeze be awarded, these proceeds would be an initial and recurring fund source for the local Affordable Housing Trust Fund for the term of the bond loan.

Newstar Development, on behalf of Gulf Breeze Apartments Partners, LTD., has provided a Development Summary, ProForma, Sources/Uses document, and draft application for BCC review. They are provided with the agenda item. An excerpt from the Development Summary offers an overview of this request:

Gulf Breeze is a 171-unit family affordable development contained in 49 buildings on 12 acres located in Punta Gorda, Florida. This development replaced 100 public housing units that were destroyed by Hurricane Charlie and incorporated several funding sources including RRLP funds, insurance funds, tax-exempt bond funds, tax credit equity funds, and FHLB funds. The development incorporates the Punta Gorda “Key West” two-story garden style architecture creating a new urbanism feel with all units having porches and front doors on the public streets. Completed in 2009, Gulf Breeze serves tenants between 40% AMI and 60% AMI, includes 85 public housing units, and was the 2009 winner of the National Charles Edson Award for Tax Credit Excellence. Norstar Development USA, LP (Newstar Development’s predecessor) co-developed Gulf Breeze Apartments with PGHA in 2005 and our affiliate property management company (Norstar Accolade Property Management) currently manages.

*Gulf Breeze is located in a 2025 Qualified Census Tract (QCT), which is a HUD designation that makes the total redevelopment eligible for a 130% tax credit basis boost that will substantially increase the available tax credit equity in 4% LIHTC transactions. Please note that Gulf Breeze was **NOT** located in a 2024 QCT, and only recently gained the 130% basis boost in 2025. There is no guarantee that Gulf Breeze will remain in a QCT in 2026, so the best way to lock in the 130% basis boost is to apply for tax-exempt multifamily revenue bonds from Lee County Housing Finance Authority prior to the end of 2025. This will lock in the basis boost for a closing in late 2026 or early 2027.*

...Utilizing non-competitive 4% tax credits would enable the redevelopment to move forward without going through FHFC’s competitive application process. As currently modeled, we assume a total construction contract value of \$14,500,000 or \$84,795 per unit. Our pro forma also includes a 15% hard cost contingency, which equates to \$2,175,000 or \$12,719 per unit. So, in total, we are modeling over \$16 million or \$97,514 per unit of rehabilitation cost.

...This proposed scope of work will enable the development to extend its useful life for 20+ more years, which will alleviate the burden on management by reducing future repairs and maintenance.

For a full summary of the proposed rehabilitation, rationale for bond refinance, plan for resident relocation during renovation, timeline for completion, and other detail, refer to the Development Summary, draft application, and other provided documents.

Key points for consideration are:

- Under Section 3(a) of the Interlocal Agreement, the Board retains discretion to review and approve the program parameters of any bond issue proposed in Charlotte County. This authority allows the Board to consider whether its support should be conditioned on community benefit commitments (e.g., extended affordability, tenant relocation protections, accessibility improvements, resident amenities).
- The issuance of the bonds would ensure the continued affordability of Gulf Breeze Apartments for an additional 20+ years.
- There is no request for funding from Charlotte County for the proposed rehabilitation.
- If awarded, application fees, bond closing fees, and annual administrative fees would be split equally between the HFA and the County, offering an infusion of funds and recurring revenue for the Affordable Housing Trust Fund for the purpose of subsidizing future eligible affordable housing development.
- This matter would be brought back to the BCC and public for review and input (TEFRA hearing), and for official approval of the bond issuance by the HFA.
- The final award of 4% LIHTC bonds would be determined by the HFA, processed by the HFA, and managed by the HFA.
- Partnering on this bond deal would offer valuable lessons in the complicated world of affordable housing and bond financing and prompt the strengthening of a relationship with the HFA, increasing access to critical resources needed to further the Board's bold strategic goal to expand and preserve affordable housing in Charlotte County.

Primary contacts for request include:

- Phil Burnett, CEO HFA Lee Co.: philburnett@embargmail.com (assistant Lisa Maitland lisamaitland@embargmail.com) 239.334.4003; incoming CEO Steve Ramunni
- Tim Wranovix, Bond Underwriter, Raymond James: Tim.Wranovix@RaymondJames.com; 615.497.4592
- Justin Corder, VP Newstar Development: Justin@newstar-development.com; 727.776.9033

Specific request of the County:

- Letter of No Objection signed by the BCC to HFA Lee Co. (by 10/16)
- TEFRA hearing (late October/early November)
- BCC-approved TEFRA hearing minutes to HFA Lee Co. (by end of November)