GULF BREEZE – PROJECT SUMMARY

PROJECT SUMMARY FOR GULF BREEZE

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 with 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.

Unit Mix

Below is a table describing the unit mix and square footages for Gulf Breeze:

	Units	Square Feet	Total Square Fee
1BR/1 BA	56	724	40,544
2BR/1.5 BA	71	1,157	82,147
2BR/2 BA	4	1,131	4,524
3BR/2 BA	2	1,307	2,614
3BR/2.5 BA	34	1,323	44,982
4BR/2.5 BA	4	1,471	5,884
Total/Average	**171**	**1,057**	**180,695**

Rehabilitation

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.

Newstar proposes addressing the following areas as part of the renovation:

Gulf Breeze - Proposed Scope of Work	
<u>Exterior/Site</u>	<u>Interior</u>
Repair Entry Stairs, Soffits & Fascia	Replace HVAC Systems Throughout
Reseal, Patch, and Restripe Asphalt	New Electrical Panels
Replace Wheel Stops, Dome Matts, All Signage	Replace Windows, Sills, & Blinds
New Playground Mulch & Site Furnishing	Replace All Doors, Trim, Hardware
Repair/Replace Balcony Surfaces and Railing (as needed)	New Appliances
New/Upgraded Landscaping	New Flooring
Replace Metal Roofs (as needed)	New Plumbing Fixtures and Showers
Replace Gutters & Downspouts	New Cabinets and Countertops
Replace Mailboxes and Parcel Boxes	New Interior Paint
Replace Site Lighting & Monument Sign	Replace Doors (as needed)
New Exterior Paint	Replace Light Fixtures

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.

Existing Debt

Based on the current financials for Gulf Breeze, there are existing long-term debt that will need to be paid off or refinanced at the financial closing for any redevelopment. The existing $2.25M Series 2007A Bonds needs to be repaid at closing. Additionally, this development holds a note payable to FHFC that includes $1 million base loan that expires October 31, 2042 and supplemental loan of $1.3 million that matures on October 31, 2027, with a 20-year extension. There are two additional loans on Gulf Breeze held by PGHA. A $12.15 million loan funded with CFP disaster grant funds, insurance proceeds, and SHIP funds.

Development Budget

Please review the attached Development Budget and Operating Budget. The Development Budget assumes a standard level of soft costs and financial costs based on developments of similar size and scope. The model also assume a $29.19 million PGHA loan equal to the acquisition value of Gulf Breeze as confirmed by the third-party appraised value.

The model assumes that existing reserves held by Gulf Breeze will be carried forward to help offset new required reserves. The model assumes approximately $857K in reserves that will be transferred to the new partnership at closing. Finally, the model assumes approximately $934K in reinvestment interest generated from the tax-exempt bond proceeds and approximately $1.4 million in accrued capitalized interest on the PGHA acquisition loan.

Overall, our pro forma estimates a total development cost of approximately $71.0 million. Utilizing non-competitive 4% tax credits ***without*** any state or local government funds would avoid any competitive application processes and thus enable the redevelopment to move forward immediately, albeit with a $3.1 million funding gap that we would address by deferring a portion of the developer fee.

RELOCATION

Relocation will be integral for the rehabilitation of Gulf Breeze, which will be at or around 100% occupied at the time of the rehabilitation. Newstar is well-versed in minimizing the impact to current residents during relocation. Our prior rehabilitation projects include Jordan Park which required relocation of 206 family residents, The Landings at Cross Bayou required relocation of 184 family residents to complete rehabilitation work, and we are currently relocating 15 residents at another redevelopment in Hollywood, Florida.

As done with our other redevelopments, we will partner with CVR Associates, Inc., a national consulting firm with expertise in resident relocation and URA compliance. CVR is based in Tampa, FL, and is familiar with the local rental market in Punta Gorda, FL. CVR would assist in developing a HUD-compliant relocation plan and will ensure such Relocation Plan is implemented in accordance with all applicable rules and regulations.

CVR will deploy a local Relocation Coordinator to assist the residents in the relocation process. The

Relocation Coordinator will survey all households at Gulf Breeze to determine the needs and preferences of each individual household. CVR will also maintain a relocation log and individual case file for each resident to document all relocation activities. The Relocation Coordinator will also assist in locating comparable housing for each family. This includes assisting residents with applications for public housing, Section 8, and other affordable housing programs. Tenants may voluntarily choose any unit that meets their needs, but a good faith effort will be made to assist households in locating units with comparable rents. Upon completion of the renovations, CVR will assist all residents that wish to return by coordinating with local movers.

CVR's preliminary activities include the distribution of the General Information Notice (GIN), conducting a resident information meeting, and scheduling one-on-one resident survey meetings with each resident. The number of residents who wish to be permanently displaced will be determined at this time, but every resident would have the right to return.

Timeline

The below timeline assumes a financial closing in Q4 of 2026:

- Closing – Q4 2026
- Rehabilitation – 14 total months
- Completion – Q1 2028
- Lease-Up/Stabilization – Q3 2028