

Fort Myers CRA Housing Program

1. Introduction

In September 2020, the Fort Myers Community Redevelopment Agency approved the creation of a housing program (the “Program”) that will promote the creation, rehabilitation, and conservation of low to moderate income housing within its CRA areas. Funding for the Program includes \$1.9 million for projects located within the Cleveland Avenue CRA, and \$475,000 for projects located within the MLK CRA.

2. Housing Financial Assistance Program Overview

2.1 Program Objective

In order to promote the development of affordable and workforce housing, and ensure diversity and inclusive economic opportunity, the Program will provide flexible funding options and technical assistance to minority real estate developers and mission-aligned organizations.

2.2 Program Goals

The Program will seek to increase and broaden the participants’ skills and opportunities through three key areas: (i) Training; (ii) Mentorship; and (iii) Financing. Program goals include:

- Increasing the stock of affordable and workforce housing units in the City of Fort Myers
- Encouraging the participation of less experienced developers and smaller development firms in order to expand universe of local housing developers;
- Providing a holistic solution that builds capacity, increases access to opportunities, and helps ensure economic growth is inclusive for both developers and residents of the Program areas;
- Supporting the development of projects of minority and mission-aligned developers with limited experience and who are potentially undercapitalized. Targeted projects will typically be smaller in size (less than 20 units) and have budgets under \$4 million.
- Providing seed capital for a revolving loan fund as a way to prove concept and attract additional funding from public and private sources.

3. Program Requirements

3.1 Project Eligibility

Up to \$1,000,000 on a first-come, first-served basis will be available for projects that meet the following criteria:

1. Projects must be located within the Cleveland Avenue or Dr. Martin Luther King, Jr. (MLK) redevelopment areas in order to participate in the Program.
2. The loan must result in the creation or preservation of single or multifamily housing that will be affordable to low- and moderate-income families. Income eligibility is defined in terms of area median income, adjusted for family size, and rent limits are based on number of bedrooms in the unit. Income and rent limits are attached hereto on Exhibit A.

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3. Applicants must have successfully completed, as the project sponsor (i.e., developer), at least two new construction or renovation projects equal to or greater in size and complexity than their proposed project.
4. Properties financed through the Revolving Loan Fund must comply with the Program's rent and income guidelines for at least ten (10) years from the receipt of Certificate of Occupancy.
5. Applicant must make a minimum cash equity contribution equal to 5% of the total cost of the project.
6. None of the units in the project may be used on a transient basis, nor shall they be knowingly leased for a period of less than six (6) months, nor shall they be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital sanitarium, nursing home, rest home or trailer park.
7. None of the units may at any time be occupied by the owner of the project or an individual related to the owner.

3.2 Required Information and Documentation

Application

Applicants must submit the following information along with their application in order to be considered for Program funding:

- Completed and signed application
- Personal financial statement for all principals of Applicant; CPA audited, compiled or reviewed financials for nonprofit organizations or housing authorities
- Business tax returns (Schedule C) for last two years
- Personal tax returns for last two years for any owner with a 20% or greater interest in the company
- Articles of Organization / Incorporation and Operating Agreement
- Site and building plans, specifications, and cost breakdown for proposed project
- Signed purchase and sale agreement for subject property, or closing statement and warranty deed, if land already owned by Applicant
- Authorization to Release Information from background check
- Resume and development experience for each principal of the Applicant
- Schedule of Real Estate Owned and Contingent Liabilities
- Construction contract
- Architect contract and engineering contract
- Any third-party reports for subject property, including Phase I, survey, title, and geotechnical reports

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4. Loan Terms and Conditions

4.1 Construction Loan Terms

Loan Term	Up to 18 months
Loan Amount	Up to \$1,000,000 maximum
Interest Rate	Floating at WSJ Prime + 1-3%, based on loan to value (LTV) and loan size
Loan to Value/ Loan to Cost	Up to 95% of total project cost; not to exceed 90% of as-completed appraised value
Sponsor Equity	Minimum 5% of total acquisition and closing in the form of cash or satisfactory evidence of expenditures incurred at or prior to closing. Equity can be in the form of subordinate financing, equity or grant funds.
Commitment Fee	1% of gross loan amount
Repayment	Monthly interest-only payments made from an interest reserve to be established as part of the loan budget and advanced from loan proceeds as interest costs are incurred. Any additional funds needed for an extension must be deposited by Borrower to be advanced as interest costs are incurred.
Collateral	1 st mortgage and pledge/assignment of rents
Recourse	Full recourse; personal guarantees required for for-profit entities

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4.2 Bridge Loan Terms

Loan Term	Up to 12 months
Loan Amount	Up to \$1,000,000 maximum
Interest Rate	Floating at WSJ Prime + 1-3%, based on LTV and loan size
Loan to Value/ Loan to Cost	Land: Not to exceed 80% of the as-is appraised value Existing Building: Not to exceed 90% of the as-is appraised value
Sponsor Equity	Minimum 10% (20% for land) of total acquisition and closing in the form of cash or satisfactory evidence of expenditures incurred at or prior to closing. Equity can be in the form of subordinate financing, equity or grant funds.
Commitment Fee	1% of gross loan amount
Repayment	Monthly interest-only payments made from an interest reserve to be established as part of the loan budget and advanced from loan proceeds as interest costs are incurred. Any additional funds needed for an extension must be deposited by Borrower to be advanced as interest costs are incurred.
Collateral	1 st mortgage and pledge/assignment of rents
Land Zoning	Vacant land must be zoned for the intended use; unentitled land will not be eligible
Recourse	Full recourse; personal guarantees required for for-profit entities