

# Alachua County IST Funding

Board of County Commissioners

April 28, 2026



VISION  
ECONOMICS  
STRATEGY  
FINANCE  
IMPLEMENTATION

# OUR TEAM

## Broad housing related experience in all aspects from vision to deal

- Real estate, community & economic development advisory firm
- Experts in market feasibility & development strategy
- Understand both the public & the private perspectives on housing & development issues
- Approach is data-driven & implementation-focused
- Well-versed in policies, programs & strategies available to implement housing objectives
- Thought leader in public private partnerships



**Caitlin Johnson, AICP**  
Senior Vice President



**Elena Caminer**  
Senior Project Manager



**Adam Daniel**  
Senior Associate



**Andres Vazquez**  
Research Associate



VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

# ALACHUA COUNTY LIVING SPACES AND THRIVING PLACES FRAMEWORK

Assist in the structure and implementation of affordable housing programs supported by IST funding

POLICY	Policy Guidelines		
	<p>Alachua County is utilizing revenue from the renewed 1-cent "Wild Spaces Public Places" (WSPP) infrastructure sales tax (IST), approved through 2032, to fund affordable housing initiatives alongside infrastructure projects.</p> <ul style="list-style-type: none"><li>• Policy priorities outlined in Alachua County Housing Plan (2024)</li><li>• Administered through the Alachua County Housing Trust Fund as directed by the BoCC</li><li>• Implemented as part of the County's overarching Affordable Housing Program</li></ul>		
IST PROGRAM	Gap Financing for Multi-family Rental Housing	Land Acquisition Model to Support Home Ownership	Innovation in Housing
	<ul style="list-style-type: none"><li>• Provide gap financing to support production, preservation and rehabilitation of affordable multifamily rental units</li></ul>	<ul style="list-style-type: none"><li>• Explore how IST funds can be utilized to support home ownership</li></ul>	<ul style="list-style-type: none"><li>• IST funds may be used to integrate affordable units with attainable and market-rate housing and implement pilot projects</li></ul>

# ALACHUA COUNTY LIVING SPACES AND THRIVING PLACES FRAMEWORK

Assist in the structure and implementation of affordable housing programs supported by IST funding

POLICY	Policy Guidelines	
	<p><i>SBF's Work to Date</i></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <i>Started drafting program guidelines</i></li> <li><input checked="" type="checkbox"/> <i>Establishing systems and processes for program implementation</i></li> </ul>	<p><i>SBF's Work to Do</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Finalize program guidelines to attract more developers to apply</i></li> <li><input type="checkbox"/> <i>Work with County staff and stakeholders to develop key terms for delivery of financial assistance and a framework for key documents including agency agreement, LURA, and mortgage &amp; promissory note</i></li> </ul>

IST PROGRAM	Gap Financing for Multi-family Rental Housing
	<p><i>SBF's Work to Date</i></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <i>Revised assistance application and scorecard to an excel format with automatic scoring</i></li> <li><input checked="" type="checkbox"/> <i>Met with developers of the two approved projects</i></li> </ul> <p><i>SBF's Work to Do</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Recommend loan terms based on review of projects</i></li> </ul>

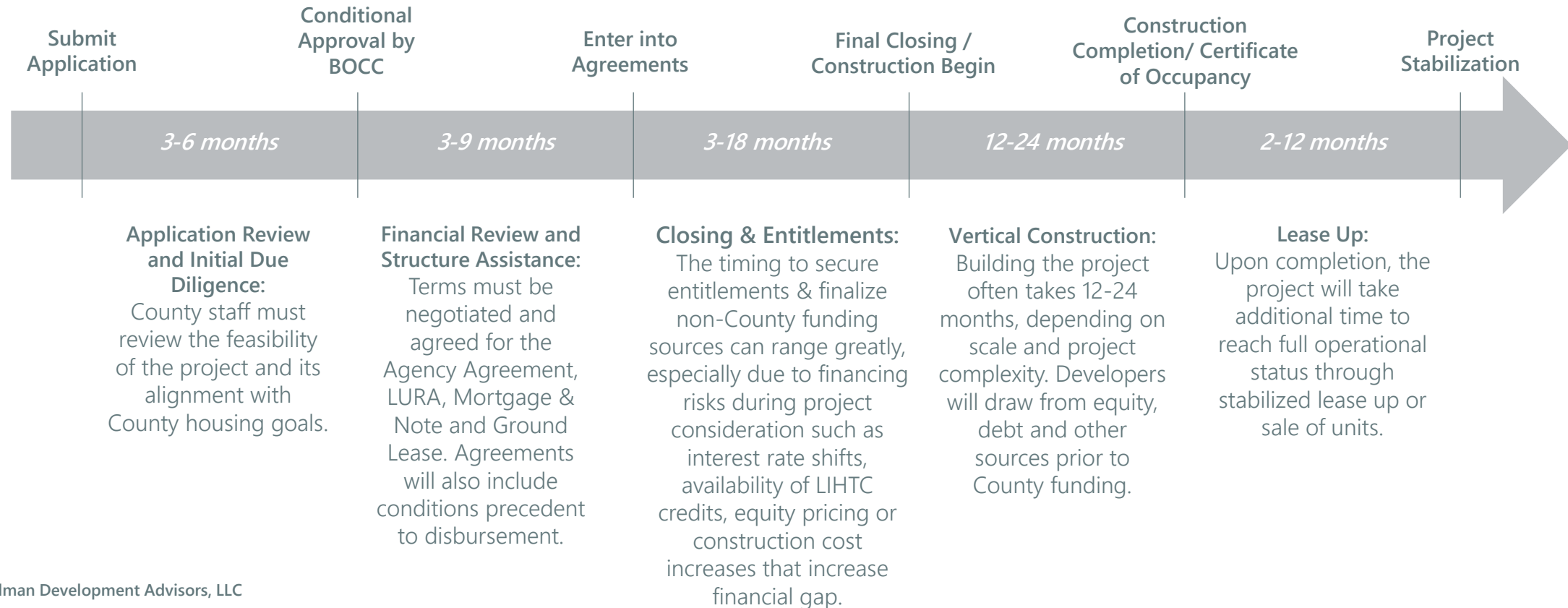
Land Acquisition Model to Support Home Ownership
<p><i>SBF's Work to Date</i></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <i>Researched and provided guidance to County staff on logistics and feasibility of establishing a Community Land Trust or other mechanism for land acquisition</i></li> </ul> <p><i>SBF's Work to Do</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Structure shared equity home ownership model and re-sale formula</i></li> </ul>

Innovation in Housing
<p><i>SBF's Work to Do</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Research alternative programs to utilize IST support the County's goals (e.g., development of County-owned properties, active acquisition of property)</i></li> </ul>

# TYPICAL DEVELOPMENT TIMELINE

Bringing projects from application to completion can take years, influenced by many factors

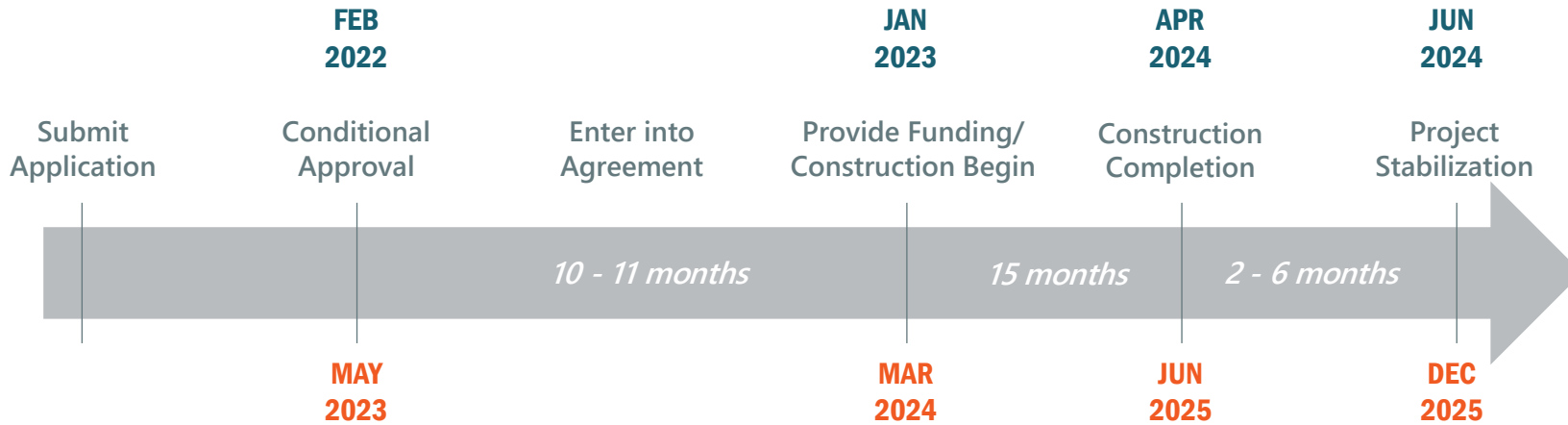
- From applying for public assistance to project completion and stabilization, development can range from **2 – 6 years**. Prior to application, developers have already invested months or years in structuring a feasible project.



# PINELLAS COUNTY: EXAMPLE DEVELOPMENT TIMELINE

## Seminole Square in Largo and Skyway Lofts II in St Petersburg

- Seminole Square: Approximately 2 years and two months from conditional approval to construction completion
- Skyway Lofts: Approximately 2 years and one month from conditional approval to construction completion



Seminole Square (Largo)



96 Units, \$30.8M TDC

SkyWay Lofts II (St. Petersburg)



66 Units, \$26.8M TDC

# PINELLAS COUNTY: LESSONS LEARNED

## Building a pipeline of assisted development takes a significant amount of time.

Sales tax was approved in November 2017, first projects approved in April 2019

## Overall, it generally takes 20 months for projects to advance from conditional approval to starting construction

Some projects have taken significantly longer depending on delays during the closing & entitlements period

## Track record since 2019 in Pinellas County (as of early 2025)

- 3,578 units of housing have been approved across 42 projects
- 24 projects (58%) (664 units, 19%) have been completed with the remainder under construction or approved
- 67% of units approved have been affordable

# IST POLICY GUIDELINES

## Document to ensure consistency across all deals

- **Build on existing documents to refine guidelines** for the specific use of IST funds to support the production and preservation of affordable housing
  - Can be integrated into the Housing Action Plan and included as part of a standalone IST program materials
  - Clarify role of IST and ensure alignment with existing housing tools (avoid duplications with SHIP strategy and HFA bond issuances)
- **Specify priorities and targeting strategy by program**
  - Priority AMI bands (e.g., 30–60% vs 80–120%)
  - Unit mix priorities (family, senior, workforce)
  - Geographic targeting (corridors, transit, rural, infill)
  - Preservation triggers (expiring affordability, NOAH risk)
- **Seek local input** on housing priorities and challenges
  - Input from local groups including this committee, the Housing Finance Authority, etc.
- **Provide clear guidance** to the development community regarding eligible projects, applicants, uses of funds, and program requirements yet remain flexible for evolving market conditions

### Policy Priorities Outlined in the Housing Plan

- Integrate affordable units with attainable and market rate units for owners and renters
- Develop diverse typologies of affordable housing options
- Prioritize serving households at or below 50% AMI on a slide scale from 30-80% AMI and not to exceed 120% AMI
- Invest in key locations to prevent concentration of poverty
- Utilize IST funds to initiate pilot projects to demonstrate proof of concept for innovative housing solutions

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Program refinement

- **Modify the existing IST Gap Financing For Multi-family Rental Housing Application to:**
  - Simplify and clarify application requirements to reduce applicant burden
  - Standardize submission formats for improved comparability and ease of administrative review
  - Align application structure with other County housing programs, where appropriate
- **Update scoring tool to align with local priorities**
  - Build upon the existing scoring system
  - Consider reweighting criteria to reflect current County housing priorities
  - Integrate scoring directly within the application for administrative ease and consistency
- **Develop standard term sheet for deal structuring**


### Forms Library

- Application (incl. pro forma template)
  - Operating cash flow template
  - Sources & uses template
  - Scoring tool
- Draw request form
- Compliance reporting form
- Income certification forms
- Term sheet

# APPLICATION

## ALACHUA COUNTY INFRASTRUCTURE SALES SURTAX HOUSING APPLICATION

MULTIFAMILY RENTAL DEVELOPMENT PROGRAM



**INSTRUCTIONS**

Please complete the light yellow cells.

Grey cells will self populate based on values entered throughout the application.

Please answer all questions to the best of your ability and with thorough information.

Page specific instructions: This page includes text answers, numeric answer inputs, and drop downs.

Please upload any documentation of any source of cost estimates, funding sources, funding commitments or any other documentation used in your application to the XXXX portal.

SECTION 26. SOURCES

a. Please complete the following table for **construction financing sources**:

Sources	Amount	Percent of Total	Lender/Investor	Source Status	Notes
First Mortgage					
Second Mortgage					
Third Mortgage					
Fourth Mortgage					
Tax Credit Equity					
Other Developer Equity					
Deferred Developer Fee					
Grant 1					
Grant 2					
Grant 3					
Enter Additional Lines Here					
Enter Additional Lines Here					
Requested Alachua County IST funding		\$0 -			
Total		\$0 -			

# SCORE CARD

## 1. Per Unit Subsidy Points available: 20

Per unit subsidy \$0

Metric	Available Points	Points awarded	Notes:
\$20,000 or less per unit	20 pts	-	
\$20,001-\$40,000 per unit	10 pts	-	
\$40,001+ per unit	5 pts	-	

Total Points Awarded 0

## 2. Local Government Contributions Points available: 20

Metric	Available points	Points Awarded	Notes:
Local Government Contribution	10 pts	-	
Regulatory Relief	10 pts	-	

Total Points Awarded 0

## 3. County Funds to Affordable Unit Ratios Points available: 20

This calculates the IST funding request as a share of total project costs to the percentage of units affordable to households earning less than 60% AMI as a share of total units.

Metric	Available points	Points awarded	Notes:
7.1 or greater	20 pts	-	
5.1 to 7.0	15 pts	-	
2.6 to 5.0	10 pts	-	
1.1 to 2.5	5 pts	-	
1 or less	0 pts	-	

Total Points Awarded 0

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Existing financial framework and underwriting standards

<b>SUMMARY</b>	IST funds may be awarded as gap financing to developers for the production or acquisition of existing housing for affordable rental units. This strategy is intended to increase the supply of affordable multi-family rental housing for very low, low, or moderate-income households.
Incomes Served	Very Low, Low, or Moderate Incomes – up to 120% AMI
Affordability Terms	Negotiated per Development Agreement
Eligible Costs	Funds may be used for site acquisition, site development, infrastructure improvements, construction costs, and/or financial structuring of long-term debt obligations to ensure the long-term affordability of multi-family projects
Assistance Structure	<ul style="list-style-type: none"> <li>Funds will be awarded as a loan secured by a recorded subordinate mortgage and note</li> </ul>
Developer Selection Criteria	<ul style="list-style-type: none"> <li>Funds are awarded through the annual Request for Proposals (RFP) process or other competitive processes</li> <li>Nonprofit and for-profit developers and local governments are eligible to apply</li> <li>Projects will be evaluated on factors including, but not limited to economic feasibility, developer experience and financial strength, location of the project, and strength of the project to address priorities identified in the County’s Comprehensive Plan</li> </ul>

### Next Steps

- Clarify application cycle
- Refine loan terms
- Clarify leverage requirements
- Implement project-by-project approach to assistance structure

Source: Alachua County Housing Plan (FY 2024)

# GAP FINANCING LOAN TERM CONSIDERATIONS

## Interest Rate Considerations

- **The "Cost of Capital" Floor:** If your fund comes from a government grant, the cost of capital is 0%. If it's from a bank line of credit or private investors, it might be 2-4%. The rate must stay above this floor to avoid losing money.
  - *Alachua's cost of capital is 0%.*
- **Inflation Hedging:** To keep the fund "whole" over decades, the rate should ideally track with or slightly exceed inflation.
  - *Protecting long-term fund capacity (construction costs often escalate faster than CPI, insurance costs rising)*
  - *Avoid floating CPI indexing for long-term permanent loans (adds underwriting uncertainty)*
  - *Long-term inflation expectation: 2% (Fed target) versus 2.4% (Survey of Professional Forecasters)*
- **Below-market fixed rate:** E.g., 2% to 4%
  - *Improves project feasibility for deeper affordability projects*

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Amortization and Term Considerations

Factor	15-Year Term	30-Year Term
Monthly Payment	Higher	Lower
Developer Cash Flow / DSCR	Harder to achieve	Easier to achieve
Total Interest Paid	Lower	Higher
Capital Recycling	Faster	Much slower
Program Reach Over Time	More projects funded	Fewer projects funded
Affordability Impact	Harder for affordable projects	Supports deeper affordability
Typical Use Case	Gap financing / mezzanine / workforce housing	Permanent affordable housing debt, especially to achieve deeper affordability

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Example loan structures

	<b>OPTION 1</b> <i>County recovers full loan over 30 years in a traditional loan structure</i>	<b>OPTION 2</b> <i>County receives interest-only payments until full principal repayment at Year 15</i>	<b>OPTION 3</b> <i>Payments are interest only for a few years as the project makes sufficient revenues to pay back P&amp;I</i>
Repayment	Principal + Interest (P+I)	Interest only + Balloon	Interest only, then P+I
Term	30 years	15 years	18 years (3 years interest only, then 15 years on P+I)
Amortization	30 years	15 years	15 years
Interest Rate	Lower (Project feasibility)	Higher (Inflation matching)	Blended (short-term higher, long-term lower)
	Standard Scenario	Note that if DCSR is high, interest rate could increase or term/amortization schedule could shorten	Alternate structure to allow lease up

### Discussion points:

1. Are all scenarios on the table?

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Project-by-Project Approach

- A cash-flow contingent approach is a practical way to design the loan structure so that repayment adjusts to what the project can afford, while still protecting the long-term viability of the IST fund.
- Instead of fixing the loan purely on policy (e.g., “30-year amort, 3% interest rate”), the loan structure is based on projected project cash flow and target debt service coverage ratio.

### Cash Flow-Contingent Example

To find the right interest rate, work backward from the developer’s pro forma.

1. **Calculate the NOI:** Look at the projected Net Operating Income (Rents minus Operating Expenses).
2. **Debt Service Coverage Ratio (DSCR):** Typically 1.15 to 1.25.
3. **The Result:** If the project cannot meet that ratio with a 4% interest rate, the rate must be lowered (or other terms adjusted) until the math works. If the rate needs to be lowered to 0% and the project still is not feasible, the project needs a grant, not a loan.

# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Loan Term Considerations and Guidance

Loan Term	Consideration	Guidance	Status
<b>Maximum Loan Principal</b>	<ul style="list-style-type: none"> <li>Percent of TDC</li> <li>Per unit cap by AMI tier</li> </ul>	<ul style="list-style-type: none"> <li>No higher than 10% of TDC</li> <li>Consider per unit cap by AMI tier</li> </ul>	<ul style="list-style-type: none"> <li>No change to existing guidance</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Construction: 0% during construction period (typically years 1-2), helps projects during lease-up risk.</li> <li>Permanent: 1-5%</li> </ul>	<ul style="list-style-type: none"> <li>No interest payments during construction period</li> <li>1-5%, to be negotiated on a project-by-project basis</li> </ul>	<ul style="list-style-type: none"> <li>No change to existing guidance</li> </ul>
<b>Repayment of principal</b>	<ul style="list-style-type: none"> <li>Interest only or amortized (supports RLF viability in long-run)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly principal and interest payments</li> </ul>	<ul style="list-style-type: none"> <li>No change to existing guidance</li> </ul>
<b>Term Length</b>	<ul style="list-style-type: none"> <li>30-year (current guidance)</li> <li>15 years to align with LIHTC terms and SHIP programs</li> </ul>	<ul style="list-style-type: none"> <li>15-30 years</li> </ul>	<ul style="list-style-type: none"> <li>Proposed new guidance</li> </ul>
<b>Position</b>	<ul style="list-style-type: none"> <li>Subordinate</li> </ul>	<ul style="list-style-type: none"> <li>Subordinate to senior lender, reserves, asset management fee.</li> </ul>	<ul style="list-style-type: none"> <li>Proposed new guidance</li> </ul>
<b>When does loan convert to permanent?</b>	<ul style="list-style-type: none"> <li>Certificate of occupancy</li> <li>Stabilized occupancy considerations</li> </ul>	<ul style="list-style-type: none"> <li>Certificate of occupancy (new guidance)</li> </ul>	<ul style="list-style-type: none"> <li>Proposed new guidance</li> </ul>
<b>Debt Coverage Ratio</b>	<ul style="list-style-type: none"> <li>DCR minimum ensure there is sufficient NOI to make debt service payments (financial stability)</li> <li>DCR maximum ensures other sources of debt are being maxed (avoid over subsidizing)</li> </ul>	<ul style="list-style-type: none"> <li>Minimum DCR: 1.15x</li> <li>Maximum DCR: 1.4x</li> </ul>	<ul style="list-style-type: none"> <li>Proposed new guidance</li> </ul>

*Final loan structure and terms remain at the discretion of the board on a project-by-project basis*

# GROUND LEASE PAYMENT CONSIDERATIONS

## Ground lease payments may put additional burden on projects, including limitations from HUD

- **Option 1: Nominal ground lease (minimal / \$1 rent to maximize feasibility)**
  - High impact for financial feasibility; maximize affordability and/or unit production
  - Land acts as a permanent subsidy; county does not recover costs
- **Option 2: Cost-recovery ground rent (repay County land cost over affordability period)**
  - Medium impact for financial feasibility; fixed burden on cash flow
  - Could impact lending; reduces DSCR if fixed payments
  - Assists with recycling capital with predictable recovery of capital
  - Could allow for escalation depending on structure
- **Option 3: Share of NOI after senior debt service**
  - Ensures project remains financially feasible to the developer
  - Does not impact lending
  - Risk of non-repayment
- Ground lease structures must have additional considerations to be viewed favorable by HUD for other federal funding sources
  - Ground lease structures executed prior to receiving assistance may risk breaking compliance with HUD's site acquisition and environmental policies
  - HUD has published recommended language for applicants to indicate their project has an option to execute a ground lease, to remain in compliance with these policies

### TYPICAL MARKET-RATE AND PRIVATE LANDOWNER GROUND LEASE SCENARIO

Payment structure is typically based on a share of development NOI, rather than relationship to land value

- Ground lease payments for market-rate units with a private landowner typically represent 1/3 of untrended NOI
- Ground lease payments typically are listed "above the line" as an operating expense, and grow at a nominal annual rate, such as 2%
- Third party landowners may charge an additional lease fee on top of ground rent, such as 5%

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# GAP FINANCING FOR MULTI-FAMILY RENTAL HOUSING

## Provide project-level implementation support

	Royal Park Seniors	Oakview Apartments Phase II
<b>Address</b>	W University Ave & SW 2 <sup>nd</sup> Ave	1515 NW 10 <sup>th</sup> St 1500 NW 12 <sup>th</sup> St
<b>Municipality</b>	Gainesville	Gainesville
<b>Total Units</b>	88-104	162
<b>AMI Levels</b>	30-70% AMI	30-50% AMI (119) 60-80% AMI (43)
<b>Target Population</b>	Seniors	Workforce & Seniors
<b>Target Completion</b>	Dec 2027	Dec 2027
<b>Total Project Cost</b>	\$38.4 - \$43.7M	\$39.9M <sup>[2]</sup>
<b>Cost per Unit</b>	\$420,000 - \$436,000	\$246,000
<b>Requested Funds</b>	\$6.6M <sup>[1]</sup>	\$4.5M <sup>[2]</sup> (assumes County purchases land for \$3.1M appraised value)
<b>Requested Funds per Unit</b>	\$63,000 - \$74,500 <sup>[1]</sup>	\$27,800
<b>Project Status</b>	<ul style="list-style-type: none"> <li>SB Friedman received updated pro forma on 3/13/26; currently under review</li> <li>Project is applying for entitlements and next round of LIHTC</li> </ul>	<ul style="list-style-type: none"> <li>SB Friedman received updated pro forma on 3/26/26; currently under review</li> </ul>

### Next steps:

- **Conduct due diligence**
  - Evaluate construction budget, sources of financing and commitments, funding gap, and debt coverage ratio
- **Negotiate term sheet**
  - Provide initial term sheet to applicants

[1] Maximum request, dependent on number of units constructed

[2] Reflects amendment to Oakview application, January 2026

# NEAR-TERM NEXT STEPS

## IST Policy Guidelines

- Continuing drafting program guidelines
- Work with County staff and stakeholders to develop key terms for delivery of financial assistance and a framework for key documents including agency agreement, LURA, and mortgage & promissory note

## Gap Financing for Multi-family Rental Housing

- Finalize excel application and scorecard and go-live
- Conduct due diligence on pre-approved projects
- Recommend loan structure for pre-approved projects
- Determine optimal structure for rental land acquisition program

## Land Acquisition Model to Support Home Ownership

- Structure shared equity home ownership model



70 W Madison St, Suite 3700  
Chicago, IL 60602  
312-424-4250 | [sbfriedman.com](http://sbfriedman.com)

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